



July 15, 1998

210 N. Park Ave.
Winter Park, FL
32789

Overnight Mail

990928-TI

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

Mr. Walter D'Haeseleer, Director Communications
Florida Public Service Commission
Division of Communication
2540 Shumard Oak Boulevard
Gerald L. Gunter Building, Room 270
Tallahassee, FL 32399-0850

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

RE: Initial Application and Tariff of MasterTel Communications Corp. for Authority to Provide Interexchange Telecommunications Services within the State of Florida.

Dear Mr. D'Haeseleer:

Enclosed for filing are the original and six (6) copies of the above-referenced application of MasterTel Communications Corp. Also enclosed is a \$250 check to cover the filing fee.

Please acknowledge receipt of this filing by returning, filed stamped, the extra copy of this letter in the self-addressed stamped envelope.

I may be reached at (407) 740-8575 with any questions, comments or correspondence regarding this application. Thank you for your assistance.

Sincerely,

Monique Byrnes
Consultant to
MasterTel Communications, Inc.

cc: J. Freeman, MasterTel
file: MasterTel - FL
tms: FL9900

LL 10 10 10 10 10

DOCUMENT NUMBER-DATE

08492 JUL 16 88

CPSC-RECORDS/REPORTING

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:



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Florida Public Service Commission
Division of Communication
2540 Shumard Oak Boulevard
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Tallahassee, FL 32399-0850

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I may be reached at (407) 740-8575 with any questions, comments or correspondence regarding this application. Thank you for your assistance.

MASTER COMMUNICATIONS CORP.
701 BRICKELL AVE, SUITE 3120
MIAMI, FL 33131

NATIONSBANK
MIAMI, FL 33131
63-4/630

1039

4/23/1999

PAY TO THE ORDER OF Public Service Commission

\$ **250.00

Two Hundred Fifty and 00/100*****

Public Service Commission
Division of Communications
2540 Shumard Oak Blvd.
Tallahassee, FL 32399

 **DOLLARS**
Security features included.
Details on back.

MEMO Ref: MasterTel Communications

⑈001039⑈



DEPOSIT

DATE

July 15, 1998

D170

JUL 16 1999

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32789

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Florida Public Service Commission
Division of Communication
2540 Shumard Oak Boulevard
Gerald L. Gunter Building, Room 270
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Tel: 407-740-8575
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Consultant to
MasterTel Communications, Inc.

cc: J. Freeman, MasterTel
file: MasterTel - FL
tms: FL9900

BB, 7/17/98 11:00

9/1/98 11:00

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:

**FLORIDA PUBLIC SERVICE COMMISSION
DIVISION OF COMMUNICATIONS
BUREAU OF SERVICE EVALUATION**

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

Instructions

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

**Florida Public Service Commission
Division of Communications
Bureau of Service Evaluation
2540 Shumard Oak Boulevard
Gunter Building
Tallahassee, Florida 32399-0850
(904) 413-6600**

- E. Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of \$250.00 to:

**Florida Public Service Commission
Division of Administration
2540 Shumard Oak Blvd.
Gunter Building
Tallahassee, Florida 32399-0850
(904) 413-6251**

1. Select what type of business your company will be conducting (check all that apply):

- Facilities based carrier** - company owns and operates or plans to own and operate telecommunications switches and transmission facilities in Florida.
- Operator Service Provider** - company provides or plans to provide alternative operator services for IXCs; or toll operator services to call aggregator locations; or clearinghouse services to bill such calls.

- Reseller** - company has or plans to have one or more switches but primarily leases the transmission facilities of other carriers. Bills its own customer base for services used.
- Switchless rebiller** - company has no switch or transmission facilities but may have a billing computer. Aggregates traffic to obtain bulk discounts from underlying carrier. Rebills end users at a rate above its discount but generally below the rate end users would pay for unaggregated traffic.
- Multi-Location Discount Aggregator** - company contracts with unaffiliated entities to obtain bulk/volume discounts under multi-location discount plans from certain underlying carriers. Then offers the resold service by enrolling unaffiliated customers.
- Prepaid Debit Card Provider** - any person or entity that purchases 800 access from an underlying carrier or unaffiliated entity for use with prepaid debit card service and/or encodes the cards with personal identification numbers.

2. This is an application for \checkmark (check one):

Original Authority (New company)

Approval of transfer (To another certificated company)

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

Approval for transfer of control (To another certificated company.)

3. Name of corporation, partnership, cooperative, joint venture or sole proprietorship:

MasterTel Communications Corp.

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

MasterTel Communications Corp.

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

Street: 701 Brickell Avenue, Suite 3120

P.O. Box:

City, State: Miami, FL

Zip Code: 33131

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

Street: 701 Brickell Avenue, Suite 3120

P.O. Box:

City, State: Miami, FL

Zip Code: 33131

7. Structure of organization:

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

8. If applicant is an individual or partnership, please give name, title and address of sole proprietor or partners.

Not Applicable

- (a) Provide proof of compliance with the foreign partnership statute (Chapter 620.169 FS), if applicable.

- (b) Indicate if the individual or any of the partners have previously been:

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

No individual or any of the partners of the company have previously been adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime.

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

No individual or any of the partners have previously been an officer, director, partner or stockholder in any other Florida certificated telephone company.

9. If incorporated, please give:

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

Corporate charter number: P98000104765

-
- (b) Name and address of the company's Florida registered agent.

Corporate Creations enterprises Inc.
4521 PGA Boulevard #211
Palm Beach Gardens, FL 33418

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

Fictitious name registration number: N/A

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

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

No officer, director or stockholder of the Company has been adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime. No officer, director or stockholder of the Company are involved in proceedings which may result in such action.

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

No officer, director, partner or stockholder of the Company is an officer, director or stockholder in any other Florida certificated telephone company.

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

(a) The application:

Monique Byrnes
Consultant to MasterTel Communications Corp.
Technologies Management, Inc.
P.O. Drawer 200
Winter Park, FL 32790-0200
Telephone: (407) 740-8575
Facsimilie: (FAX) 740-0613

(b) Official Point of Contact for the ongoing operations of the company:

Jamee M. Freeman
President
MasterTel Communications Corp.
701 Brickell Avenue, Suite 3120
Miami, FL 33131
(305) 358-3678

(c) Tariff:

Monique Byrnes
Consultant to MasterTel Communications Corp.
Technologies Management, Inc.
P.O. Drawer 200
Winter Park, FL 32790-0200
Telephone: (407) 740-8575
Facsimilie: (FAX) 740-0613

(d) Complaints/Inquiries from customers:

Jamee M. Freeman
President
MasterTel Communications Corp.
701 Brickell Avenue, Suite 3120
Miami, FL 33131
(305) 358-3678

11. List the states in which the applicant:

(a) Has operated as an interexchange carrier.

None

(b) Has applications pending to be certificated as an interexchange carrier.

None

(c) Is certificated to operate as an interexchange carrier.

None

(d) Has been denied authority to operate as an interexchange carrier and the circumstances involved.

Not applicable

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

Not applicable

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

None

12. What services will the applicant offer to other certified telephone companies:

- | | | | |
|-------------------------------------|--------------------------------------|--------------------------|-----------|
| <input type="checkbox"/> | Facilities | <input type="checkbox"/> | Operators |
| <input type="checkbox"/> | Billing and Collection | <input type="checkbox"/> | Sales |
| <input type="checkbox"/> | Maintenance | | |
| <input checked="" type="checkbox"/> | Other: None anticipated at this time | | |

13. Do you have a marketing program?

No. The company is in the process of developing its market entry strategy

14. Will your marketing program:

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

15. Explain any of the offers checked in question 14 (to whom, what amount, type of franchise, etc.).

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

- | | |
|---|--|
| <input checked="" type="checkbox"/> Residential customers | <input checked="" type="checkbox"/> Business customers |
| <input type="checkbox"/> PATS providers | <input type="checkbox"/> PATS station end-users |
| <input type="checkbox"/> Hotels & motels | <input type="checkbox"/> Hotel & motel guests |
| <input type="checkbox"/> Universities | <input type="checkbox"/> Univ. dormitory residents |
| <input type="checkbox"/> Other:(specify) _____ | |

17. Please provide the following (if applicable):

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

The Company's name will appear on the bill.

- (b) The name and address of the firm who will bill for your service.

The Company will bill directly for its services.

18. Please provide all available documentation demonstrating that the applicant has the following capabilities to provide interexchange telecommunications service in Florida.

A. Financial Capability

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
3. statement of retained earnings

See Attachment III.

Further, a **written explanation**, which can include supporting documentation, regarding the following should be provided to show financial capability.

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

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

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 affirm that the financial statements are true and correct.

B. Managerial capability.

See Attachment IV.

C. Technical capability.

As a reseller, Applicant relies on the technical expertise of its underlying carrier for maintenance of the network.

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

See Attachment II.

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

- MTS with distance sensitive per minute rates**
 - Method of access is FGA
 - Method of access is FGB
 - Method of access is FGD
 - Method of access is 800

- MTS with route specific rates per minute**
 - Method of access is FGA
 - Method of access is FGB
 - Method of access is FGD
 - Method of access is 800

- MTS with statewide flat rates per minute (i.e. not distance sensitive)**
 - Method of access is FGA
 - Method of access is FGB
 - Method of access is FGD
 - Method of access is 800

- MTS for pay telephone service providers.**

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

- 800 Service (Toll free)**

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

- Private line services (Channel Services) (For ex. 1.544 mbps, DS-3, etc.)**

- Travel service**
- Method of access is 950
- Method of access is 800

900 service

Operator Services

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

Services included are:

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

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

For direct dial calls: 1 + destination telephone number

For travel service calls: an 800 access number, plus identification number, plus the destination telephone number.

22. Other:

**** APPLICANT ACKNOWLEDGMENT STATEMENT ****

1. REGULATORY ASSESSMENT FEE:

I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of its gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of \$50 is required.

2. GROSS RECEIPTS TAX:

I understand that all telephone companies must pay a gross receipts tax of two and one-half percent on all intra and interstate business.

3. SALES TAX:

I understand that a seven percent sales tax must be paid on intra and interstate revenues.

4. APPLICATION FEE:

A non-refundable application fee of \$250.00 must be submitted with the application.

5. RECEIPT AND UNDERSTANDING OF RULES:

I acknowledge receipt and understanding of the Florida Public Service Commission's Rules and Orders relating to my provision of interexchange telephone service in Florida. I also understand that it is my responsibility to comply with all current and future Commission requirements regarding interexchange service.

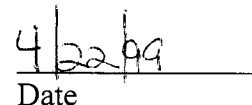
7. ACCURACY OF APPLICATION:

By my signature below, I the undersigned owner or officer of the named utility in the application, attest to the accuracy of the information contained in this application and associated attachments. I have read the foregoing and declare that to the best of my knowledge and belief, the information is a true and correct statement. **Further, I am aware that pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083".**

UTILITY OFFICIAL:


Signature

Jamee M. Freeman, President


Date

305-358-3678

APPENDICES:

- A - CERTIFICATE TRANSFER STATEMENT
- B - CUSTOMER DEPOSITS AND ADVANCE PAYMENTS
- C - INTRASTATE NETWORK
- D - FLORIDA TELEPHONE EXCHANGES AND EAS ROUTES

ATTACHMENTS:

- I - AUTHORITY TO OPERATE IN FLORIDA
- II - PROPOSED TARIFF
- III - FINANCIAL STATEMENTS
- IV - MANAGERIAL AND TECHNICAL CAPABILITIES

CERTIFICATE OF TRANSFER STATEMENT

I, Jamee M. Freeman, President of MasterTel Communications Corp., and current holder of certificate number _____, have reviewed this application and join in the petitioner's request for a transfer of the above-mention certificate.

Not Applicable

UTILITY OFFICIAL:

Signature

Date

Client Name and Title

Telephone

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:


Signature

4/22/99
Date

Jamee M. Freeman
President
MasterTel Communications Corp.

Street: 701 Brickell Avenue, Suite 3120
P.O. Box:
City, State: Miami, FL
Zip Code: 33131

INTRASTATE NETWORK

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

- 1) None.
- 2)
- 3)
- 4)

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

- 1) None.
- 2)
- 3)
- 4)

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

POP-to-POP	TYPE	OWNERSHIP
------------	------	-----------

- 1) None.
- 2)
- 3)

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)

Statewide

5. TRAFFIC RESTRICTIONS: Please explain how the applicant will comply with the EAEA requirements contained in Commission Rule 25-24.471 (4)(a) (copy enclosed).

Not applicable

6. **CURRENT FLORIDA INTRASTATE SERVICES:** Applicant has () or has not (X) previously provided intrastate telecommunications in Florida. If the answer is has, fully describe the following:

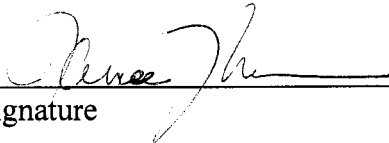
(a) What services have been provided and when did these service begin?

Not applicable

(b) If the services are not currently offered, when were they discontinued?

Not applicable.

UTILITY OFFICIAL:


Signature

4/22/99
Date

✓
Jamee M. Freeman
President
MasterTel Communications Corp.
Street: 701 Brickell Avenue, Suite 3120
P.O. Box:
City, State: Miami, FL
Zip Code: 33131

**** APPENDIX D ****

FLORIDA TELEPHONE EXCHANGES
AND
EAS ROUTES

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

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

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

Extended Service Area with These Exchanges

PENSACOLA:	Cantonment, Gulf Breeze, Pace, Milton Holley-Navarre.
PANAMA CITY:	Lynn Haven, Panama City Beach, Youngstown-Fountain and Tyndall AFB.
TALLAHASSEE:	Crawfordville, Havana, Monticello, Panacea, Sopchoppy and St. Marks.
GAINESVILLE:	Alachua, Archer, Brooker, Hawthorne, High Springs, Melrose, Micanopy, Newberry and Waldo.
OCALA:	Bellevue, Citra, Dunnellon, Forest Lady Lake (B21), McIntosh, Iklawaha, Orange Springs, Salt Springs and Silver Springs Shores.
DAYTONA BEACH:	New Smyrna Beach.
TAMPA:	Central None East Plant City North Zephyrhills South Palmetto West Clearwater
CLEARWATER:	St. Petersburg, Tampa-West and Tarpon Springs.

ST. PETERSBURG:	Clearwater.
LAKELAND:	Bartow, Mulberry, Plant City, Polk City and Winter Haven.
ORLANDO:	Apopka, East Orange, Lake Buena Vista, Oviedo, Windermere, Winter Garden, Winter Park, Montverde, Reedy Creet, and Oviedo-Winter Springs.
WINTER PARK:	Apopka, East Orange, Lake Buena Vista, Orlando, Oviedo, Sanford, Windermere, Winter Garden, Oviedo-Winter Springs, Reedy Creek, Geneva and Montverde.
TITUSVILLE:	Cocoa and Cocoa Beach.
COCOA:	Cocoa Beach, Eau Gallie, Melbourne and Titusville.
MELBOURNE:	Cocoa, Cocoa Beach, Eau Gallie and Sebastian.
SARASOTA:	Bradenton, Myakka and Venice.
FT. MYERS:	Cape Coral, Ft. Myers Beach, North Cape Coral, North Ft. Myers, Pine Island, Lehigh Acres and Sanibel-Captiva Islands.
NAPLES:	Marco Island and North Naples.
WEST PALM BEACH:	Boynton Beach and Jupiter.
POMPANO BEACH:	Boca Raton, Coral Springs, Deerfield Beach and Ft. Lauderdale.
FT. LAUDERDALE:	Coral Springs, Deerfield Beach, Hollywood and Pompano Beach.
HOLLYWOOD:	Ft. Lauderdale and North Dade.
NORTH DADE:	Hollywood, Miami and Perrine.
MIAMI:	Homestead, North Dade and Perrine.

MasterTel intends to offer service throughout the State of Florida.

ATTACHMENT I

AUTHORITY TO OPERATE IN FLORIDA

State of Florida



Department of State

I certify from the records of this office that MASTERTEL COMMUNICATIONS CORP. is a corporation organized under the laws of the State of Florida, filed on December 17, 1998, effective December 16, 1998.

The document number of this corporation is P98000104765.

I further certify that said corporation has paid all fees and penalties due this office through December 31, 1998, and its status is active.

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

I further certify that this is an electronically transmitted certificate authorized by section 15.16, Florida Statutes, and authenticated by the code, 398A00059364-121798-P98000104765-1/1, noted below.

Given under my hand and the
Great Seal of the State of Florida,
at Tallahassee, the Capital, this the
Seventeenth day of December, 1998

Authentication Code: 398A00059364-121798-P98000104765-1/1



CR2EO22 (1-95)

Sandra B. Northam
Secretary of State



FLORIDA DEPARTMENT OF STATE
Sandra B. Mortham
Secretary of State

December 17, 1998

MASTERTEL COMMUNICATIONS CORP.
701 BRICKELL AVE SUITE 3120
MIAMI, FL 33131

The Articles of Incorporation for MASTERTEL COMMUNICATIONS CORP. were filed on December 17, 1998, effective December 16, 1998, and assigned document number P98000104765. Please refer to this number whenever corresponding with this office.

Enclosed is the certification requested. To be official, the certification for a certified copy must be attached to the original document that was electronically submitted and filed under FAX audit number E98000023505.

A corporation annual report will be due this office between January 1 and May 1 of the year following the calendar year of the file date year. A Federal Employer Identification (FEI) number will be required before this report can be filed. Please apply NOW with the Internal Revenue Service by calling 1-800-829-3676 and requesting form SS-4.

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

Should you have questions regarding corporations, please contact this office at the address given below.

Barbara Brock
Document Specialist
New Filings Section
Division of Corporations

Letter Number: 398A00059364

ARTICLES OF INCORPORATION

Article I. Name

The name of this Florida corporation is:
MasterTel Communications Corp.

Article II. Address

The mailing address of the Corporation is:
MasterTel Communications Corp.
701 Brickell Ave Suite 3120
Miami FL 33131

Article III. Registered Agent

The name and address of the registered agent of the Corporation is:
Corporate Creations Enterprises Inc.
4521 PGA Boulevard #211
Palm Beach Gardens FL 33418

Article IV. Board of Directors

The name of each member of the Corporation's Board of Directors is:

Jamee Freeman

The affairs of the Corporation shall be managed by a Board of Directors consisting of no less than one director. The number of directors may be increased or decreased from time to time in accordance with the Bylaws of the Corporation. The election of directors shall be done in accordance with the Bylaws. The directors shall be protected from personal liability to the fullest extent permitted by applicable law.

Corporate Creations International Inc.
941 Fourth Street #200
Miami Beach FL 33139
(305) 672-0686

Article V. Capital Stock

The Corporation shall have the authority to issue 10,000 shares of common stock, par value \$.0001 per share.

Article VI. Incorporator

The name and address of the incorporator is:

Corporate Creations International Inc.
941 Fourth Street #200
Miami Beach FL 33139

Article VII. Corporate Existence

These Articles of Incorporation shall become effective and the corporate existence will begin on December 16, 1998.

The undersigned incorporator executed these Articles of Incorporation on December 17, 1998.



CORPORATE CREATIONS INTERNATIONAL INC.

Greg K. Kuroda Vice President

Corporate Creations International Inc.
941 Fourth Street #200
Miami Beach FL 33139
(305) 672-0686

CERTIFICATE OF DESIGNATION
REGISTERED AGENT/OFFICE

CORPORATION:

MasterTel Communications Corp.

REGISTERED AGENT/OFFICE:

Corporate Creations Enterprises Inc.
4521 PGA Boulevard #211
Palm Beach Gardens FL 33418

I agree to act as registered agent to accept service of process for the corporation named above at the place designated in this Certificate. I agree to comply with the provisions of all statutes relating to the proper and complete performance of the registered agent duties. I am familiar with and accept the obligations of the registered agent position.



CORPORATE CREATIONS ENTERPRISES INC.

Greg K. Kuroda, Vice President

Date: December 17, 1998.

Corporate Creations International Inc.
941 Fourth Street #200
Miami Beach FL 33139
(305) 672-0686

ATTACHMENT II

PROPOSED TARIFF

TITLE PAGE
FLORIDA TELECOMMUNICATIONS TARIFF
OF
MASTERTEL COMMUNICATIONS CORP.

This tariff contains the descriptions, regulations, and rates applicable to the furnishing of resold telecommunication services provided by MasterTel Communications Corp. ("MasterTel") with principal offices located at 701 Brickell Avenue, Suite 3120, Miami, Florida 33131. This tariff applies to services furnished within the State of Florida. This tariff is on file with the Florida Public Service Commission, and copies may be inspected, during normal business hours, at the Company's principal place of business.

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EFFECTIVE:

ISSUED BY: Jamee Freeman, President
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CHECK SHEET

This tariff contains sheets, as listed below, each of which is effective as of the date shown on each sheet. Original and revised sheets as named below comprise all changes from the original tariff.

SHEET	REVISION		SHEET	REVISION	
1	Original	*	24	Original	*
2	Original	*	25	Original	*
3	Original	*	26	Original	*
4	Original	*	27	Original	*
5	Original	*			
6	Original	*			
7	Original	*			
8	Original	*			
9	Original	*			
10	Original	*			
11	Original	*			
12	Original	*			
13	Original	*			
14	Original	*			
15	Original	*			
16	Original	*			
17	Original	*			
18	Original	*			
19	Original	*			
20	Original	*			
21	Original	*			
22	Original	*			
23	Original	*			

*- indicates sheets included in this filing

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SYMBOLS

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

D - Delete or discontinue

I - Change resulting in an increase to a Customer's bill

M - Moved from and to another tariff location

N - New

R - Change resulting in a reduction to a Customer's bill

T - Change in text or regulation but no change in rate or charge

When changes are made in any tariff sheet, a revised sheet will be issued canceling the tariff sheet affected. Changes will be identified on the revised sheet(s) through the use of the above mentioned symbols.

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TARIFF FORMAT

A. Sheet Numbering - Sheet numbers appear in the upper right corner of the sheet. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between sheets 14 and 15 would be 14.1.

B. Sheet Revision Numbers - Revision numbers also appear in the upper right corner of each sheet. These numbers are used to determine the most current sheet version on file with the FPSC. For example, the 4th revised Sheet 14 cancels the 3rd revised Sheet 14. Because of various suspension periods, deferrals, etc. the FPSC follows in their tariff approval process, the most current sheet number on file with the Commission is not always the tariff sheet in effect. Consult the check sheet for sheet currently in effect.

C. Paragraph Numbering Sequence - There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:

2.
2.1.
2.1.1.
2.1.1.A.
2.1.1.A.1.
2.1.1.A.1.(a).
2.1.1.A.1.(a).I.
2.1.1.A.1.(a).I.(i).
2.1.1.A.1.(a).I.(i).(1).

D. Check Sheets - When a tariff filing is made with the FPSC, an updated check sheet accompanies the tariff filing. The check sheet lists the sheets contained in the tariff, with a cross reference to the current revision number. When new sheets are added, the check sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There will be no other symbols used on the check sheet if these are the only changes made to it (i.e., the format, etc. remains the same, just revised revision levels on some sheets). The tariff user should refer to the latest check sheet to find out if a particular sheet is the most current on file with the FPSC.

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SECTION 1.0 - TECHNICAL TERMS AND ABBREVIATIONS

1.1 Abbreviations

The following abbreviations are used herein only for the purposes indicated below:

FCC	-	Federal Communications Commission
FPSC	-	Florida Public Service Commission
IXC	-	Interexchange Carrier
LEC	-	Local Exchange Carrier
MasterTel	-	MasterTel Communications Corp.

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SECTION 1.0 - TECHNICAL TERMS AND ABBREVIATIONS, (Cont'd)

1.2 Definitions

Access Line - An arrangement which connects the Subscriber's or Customer's location to the Carrier's designated point of presence or network switching center.

Account - The Customer who has agreed, verbally or by signature, to honor the terms of service established by the Company. An account may have more than one access code billed to the same Customer address.

Commission - The Florida Public Service Commission.

Company or Carrier - MasterTel Communications Corp., unless otherwise clearly indicated by the context.

Customer - Any person, firm, partnership, corporation, or other entity which uses telecommunications services under the provisions and regulations of this tariff and is responsible for payment of charges.

Equal Access - The ability of the Company to serve Customers on a presubscribed basis rather than through the use of dial access codes.

Initial and Additional Period - The Initial Period denotes the interval of time allowed at the rate specified for a connection between given service points. The Additional Period denotes the interval of time used for measuring and charging for time in excess of the Initial Period.

LATA - Local Access and Transport Area.

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SECTION 1.0 - TECHNICAL TERMS AND ABBREVIATIONS, (Cont'd)

1.2 Definitions, (Cont'd)

LEC - Local Exchange Company

MasterTel - MasterTel Communications Corp., issuer of this tariff.

NECA - National Exchange Carriers Association.

Premises - The physical space designated by the Customer for the termination of the Company's service.

Switched Access Origination/Termination - Where originating or terminating access between the Customer and the interexchange carrier is provided on local exchange company Feature Group circuits. The cost of switched Feature Group access is billed to the interexchange carrier.

V & H Coordinates - Geographic points which define the originating and terminating points of a call in mathematical terms so that the airline mileage of the call may be determined. Call mileage is used for the purposed of rating calls.

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SECTION 2.0 - RULES AND REGULATIONS

2.1 Undertaking of MasterTel

MasterTel's services and facilities are furnished for communications originating at specified points within the state of Florida under terms of this tariff. MasterTel installs, operates, and maintains the communications services provided hereinunder in accordance with the terms and conditions set forth under this tariff.

2.2 Applicability of Tariff

This tariff is applicable to telecommunications services provided by MasterTel Communications Corp. within the state of Florida.

2.3 Limitations of Service

2.3.1 Service will be furnished subject to the availability of the necessary facilities and/or equipment and subject to the provisions of this tariff.

2.3.2 MasterTel reserves the right to discontinue furnishing service when necessitated by conditions beyond its control, or when the Customer is using the service in violation of the provisions of this tariff, or in violation of law.

2.3.3 The Company does not undertake to transmit messages, but offers the use of its facilities when available, and will not be liable for errors in transmission or for failure to establish connections.

2.3.4 MasterTel reserves the right to discontinue the offering of service if a change in regulation materially and negatively impacts the financial viability of the service in the best business judgment of the Company.

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SECTION 2.0 - RULES AND REGULATIONS, (Cont'd)

2.4 Liability

- 2.4.1 The liability of the Company for any claim or loss, expense or damage (including indirect, special, or consequential damage) for any interruption, delay, error, omission, or defect in any service, facility or transmission provided under this tariff shall not exceed an amount equivalent to the proportionate charges to the Customer for the period of service or the facility provided during which such interruption, delay, error, omission, or defect occurs.

- 2.4.2 The Company shall not be liable for any claim or loss, expense, or damage (including indirect, special, or consequential damage), for any interruption, delay, error, omission, or other defect in any service facility, or transmission provided under this tariff, if caused by any person or entity other than the Company, by any malfunction of any service or facility provided by any other carrier, by any act of God, fire, war, civil disturbance, or act of government, or by any other cause beyond the Company's direct control.

- 2.4.3 The Company shall not be liable for, and shall be fully indemnified and held harmless by Customer and Subscriber against any claim or loss, expense, or damage, (i) for defamation, invasion of privacy, infringement of copyright or patent, unauthorized use of any trademark, trade name, or service mark, unfair competition, interference with or misappropriation or violation of any contract, proprietary or creative right, or any other injury to any person, property, or entity arising from the material data, information, or content revealed to, transmitted, processed, handled, or used by Company under this tariff, or (ii) for connecting, combining, or adapting Company's facilities with Customer's or Subscriber's apparatus or systems, or (iii) for any act or omission of the Customer or Subscriber, or (iv) for any personal injury or death of any person, or for any loss of or damage to Subscriber's or Customer's premises or any other property, whether owned by Customer, Subscriber or others, caused directly or indirectly by the installation, maintenance, location, condition, operation, failure or removal of equipment or wiring provided by the Company if not directly caused by negligence of the Company.

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SECTION 2.0 - RULES AND REGULATIONS, (Cont'd)

2.5 Payment and Credit Regulations

2.6.1 Payment Arrangements

The Customer is responsible for payment of all charges for services and equipment furnished to the Customer for transmission of calls via the Company. The Customer agrees to pay to the Company or its authorized agent any cost(s) incurred as a result of any delegation of authority resulting in the use of his or her communications equipment and/or network services which result in the placement of calls via the Company. The Customer agrees to pay the Company or its authorized agent any and all cost(s) incurred as a result of the use of the service arrangement, including calls which the Customer did not individually authorize.

All charges due by the Customer are payable to the Company or any agency duly authorized to receive such payments. Terms of payment shall be according to the rules and regulations of the agency and subject to the rules of regulatory agencies, such as the Florida PSC. Any objections to billed charges must be promptly reported to the Company or its billing agent. Adjustments to Customers' bills shall be made to the extent that circumstances exist which reasonably indicate that such changes are appropriate.

Charges for installations, service connections, moves, and rearrangements, where applicable, are payable upon demand by the Company or its authorized agent. The billing thereafter will include recurring charges and actual usage as defined in this tariff.

2.5.2 Deposits

The Company does not collect deposits from its Customers.

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SECTION 2.0 - RULES AND REGULATIONS, (Cont'd)

2.5 Payment and Credit Regulations, (Cont'd)

2.6.3 Advance Payments

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

2.5.4 Taxes

Company reserves the right to bill any and all applicable taxes in addition to normal long distance usage charges, including, but not limited to: Federal Excise Tax, State Sales Tax, Municipal Taxes, and Gross Receipts Tax. Unless otherwise specified in this tariff, such taxes will be itemized separately on Customer invoices.

2.5.5 Returned Checks

The Company reserves the right to assess a return-check charge whenever a check or draft presented for payment of service is not accepted by the institution on which it is written. This charge applies each time a check is returned to the Company by a bank for insufficient funds. Any applicable return check charges will be assessed according to the terms and conditions of the billing entity (i.e. local exchange company and/or commercial credit card company) and pursuant to Florida law and FPSC regulations

2.5.6 Late Payment Charge

A late fee of 1.5% per month will be charged on any past due balance.

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SECTION 2.0 - RULES AND REGULATIONS, (Cont'd)

2.6 Refunds or Credits for Service Outages or Deficiencies

2.6.1 Interruption of Service

Credit allowances for interruptions of service which are not due to the Carrier's testing or adjusting, to the negligence of the Customer, or to the failure of channels, equipment or communications systems provided by the Customer, are subject to the general liability provisions set forth in Section 2.4 herein. It shall be the obligation of the Customer to notify Carrier immediately of any interruption in service for which a credit allowance is desired by Customer. Before giving such notice, Customer shall ascertain that the trouble is not within his or her control or is not in wiring or equipment, if any, furnished by the Customer and connected to Carrier's terminal.

Credit allowances for interruptions of service caused by service outages or deficiencies are limited to the initial minimum period call charges for re-establishing the interrupted call.

2.6.2 Inspection, Testing and Adjustment

Upon reasonable notice, the facilities provided by the Company shall be made available to the Company for such tests and adjustments as may be deemed necessary for maintenance in a condition satisfactory to the Company. No interruption allowance will be granted for the time during which such tests and adjustments are made.

2.7 Cancellation by Customer

Customers may cancel service verbally or in writing at any time. The Company shall hold the Customer responsible for payment of all charges, including fixed fees, surcharges, etc., which accrue up to the cancellation date. Charges may be avoided by dialing another carrier's access code. In the event the Customer executes a term commitment agreement with the Company, the Customer must cancel service and terminate the agreement in accordance with the agreement terms.

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SECTION 2.0 - RULES AND REGULATIONS, (Cont'd)

2.8 Refusal or Discontinuance by Company

MasterTel may refuse or discontinue service under the following conditions provided that, unless otherwise stated, the Customer shall be given fifteen (15) days notice to comply with any rule or remedy any deficiency:

- 2.8.1** For non-compliance with or violation of any State, municipal, or Federal law, ordinance or regulation pertaining to telephone service.
- 2.8.2** For use of telephone service for any purpose other than that described in the application.
- 2.8.3** For neglect or refusal to provide reasonable access to MasterTel or its agents for the purpose of inspection and maintenance of equipment owned by MasterTel or its agents.
- 2.8.4** For noncompliance with or violation of Commission regulation or MasterTel's rules and regulations on file with the Commission, provided five (5) working days' written notice is given before termination.
- 2.8.5** For nonpayment of bills, provided that suspension or termination of service shall not be made without five (5) days written notice to the Customer, except in extreme cases. Such notice will be provided in a mailing separate from the Customer's regular monthly bill for service.
- 2.8.6** Without notice in the event of Customer or Authorized User use of equipment in such a manner as to adversely affect MasterTel's equipment or service to others.

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SECTION 2.0 - RULES AND REGULATIONS, (Cont'd)

2.8 Refusal or Discontinuance by Company (Cont'd)

- 2.8.7** Without notice in the event of tampering with the equipment or services owned by MasterTel or its agents.
- 2.8.8** Without notice in the event of unauthorized or fraudulent use of service. Whenever service is discontinued for fraudulent use of service, MasterTel may, before restoring service, require the Customer to make, at his or her own expense, all changes in facilities or equipment necessary to eliminate illegal use and to pay an amount reasonably estimated as the loss in revenues resulting from such fraudulent use.
- 2.8.9** Without notice by reason of any order or decision of a court or other government authority having jurisdiction which prohibits Company from furnishing such services.

2.9 Use of Service

Service may be used for any lawful purpose for which it is technically suited. Customers reselling MasterTel's Florida intrastate service must have a Certificate of Public Convenience and Necessity as an interexchange carrier from the Florida Public Service Commission.

2.10 Applicable Law

This tariff shall be subject to and construed in accordance with Florida law.

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SECTION 2.0 - RULES AND REGULATIONS, (Cont'd)

2.11 Tests, Pilots, Promotional Campaigns and Contests

The Company may conduct special tests or pilot programs and promotions at its discretion to demonstrate the ease of use, quality of service and to promote the sale of its services. The Company may also waive a portion or all processing fees or installation fees for winner of contests and other occasional promotional events sponsored or endorsed by the Company. From time to time the Company may waive all processing fees for a Customer.

These promotions will be approved by the FPSC with specific starting and ending dates with promotions running under no circumstances longer than 90 days in any twelve month period.

2.12 Other Rules

The Company may temporarily suspend service without notice to the Customer, by blocking traffic to certain cities or NXX exchanges, or by blocking calls using certain Personal Identification Numbers when the Company deems it necessary to take such action to prevent unlawful use of its service. The Company will restore service as soon as service can be provided without undue risk.

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SECTION 3.0 - DESCRIPTION OF SERVICE

3.1 General

MasterTel provides direct dial ("1+") services for communications originating and terminating within the State of Florida under terms of this tariff.

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

3.2 Quality and Grade of Service Offered

Minimum Call Completion Rate - Customers can expect a call completion rate of not less than 90% during peak use periods. The call completion rate is calculated as the number of calls completed (including calls completed to a busy line or to a line which remains unanswered by the called party) divided by the number of calls attempted.

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SECTION 3.0 - DESCRIPTION OF SERVICE, (Cont'd)

3.3 Timing of Calls

- 3.3.1** Timing for all calls begins when the called party answers the call (i.e. when two way communications are established.) Answer detection is based on standard industry answer detection methods, including hardware and software answer detection.
- 3.3.2** Chargeable time for all calls ends when either one of the parties disconnects from the call.
- 3.3.3** Minimum call duration and additional billing increments are specified in the description for each service.
- 3.3.4** There is no billing applied for incomplete calls.

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SECTION 3.0 - DESCRIPTION OF SERVICE, (Cont'd)

3.4 Calculation of Distance

Usage charges for mileage sensitive services vary based on the type of service subscribed to by the Customer. For services utilizing switched access, mileage measurements for rate schedules are based on the distance in airline miles between rate centers associated with the originating and terminating stations. For services utilizing dedicated access, mileage measurements for rate schedules are based on the distance in airline miles between the MasterTel network access point associated with the station utilizing Dedicated Access Origination/Termination and the rate center associated with the called/calling station.

The distance between the originating and terminating points is calculated by using the "V" and "H" coordinates of the serving wire centers as defined by BellCore (Bell Communications Research), in the following manner:

- Step 1: Obtain the "V" and "H" coordinates for the serving wire center or network access point serving the Customer's location and the called/calling station.
- Step 2: Obtain the difference between the "V" coordinates. Obtain the difference between the "H" coordinates.
- Step 3: Square the differences obtained in Step 2.
- Step 4: Add the squares of the "V" difference and "H" difference obtained in Step 3.
- Step 5: Divide the sum of the square obtained in Step 4 by ten (10). Round to the next higher whole number if any fraction results from the division.
- Step 6: Obtain the square root of the whole number obtained in Step 5. Round to the next higher whole number if any fraction is obtained. This is the distance between the originating and terminating locations of the call.

Formula:

$$\sqrt{\frac{(V_1 - V_2)^2 + (H_1 - H_2)^2}{10}}$$

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SECTION 3.0 - DESCRIPTION OF SERVICE, (Cont'd)

3.5 Outbound Service

Outbound Service is available to business and residential Customers for outbound calling. Calls are billed in sixty (60) second increments after the initial minimum period of sixty (60) seconds and originate and terminate on Customer-provided switched access lines. Rates are not mileage or time-of-day sensitive. This service is offered on a month to month basis. No minimum commitment is required.

3.6 Travel Card Service

Travel Card Service is available to Business and Residential Customers. Calls are originated by dialing a toll-free access number, followed by the terminating telephone number and personal identification number. Calls may originate from standard residential, business, hotel or pay telephone access lines and may terminate to any interstate or intrastate location. Calls are billed in sixty (60) second increments. The minimum call duration for billing purposes is sixty (60) seconds. Cards are offered in different combinations of rate per minute and rate per call.

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SECTION 3.0 - DESCRIPTION OF SERVICE, (Cont'd)

3.7 Directory Assistance

Directory Assistance is available to Customers of Z-Tel. A Directory Assistance charge applies to each call to the Directory Assistance Bureau. Up to two requests may be made on each call to Directory Assistance. The Directory Assistance charge applies to each call regardless of whether the Directory Assistance Bureau is able to furnish the requested telephone number.

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SECTION 4.0 - RATES

4.1 General

Each Customer is charged individually for each call placed through the Company. Charges may vary by service offering and/or call duration.

MasterTel services are not time-of-day sensitive. The Company does not provide for holiday discounts.

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SECTION 4.0 - RATES, (Cont'd)

4.2 Exemptions and Special Rates**4.2.1 Discounts for Hearing Impaired Customers**

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

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

4.2.2 Emergency Call Exemptions

The following calls are exempted from all charges: Emergency calls to recognizable authorized civil agencies including police, fire, ambulance, bomb squad and poison control. MasterTel will only handle these calls if the caller dials all of the digits to route and bill the call. Credit will be given for any billed charges pursuant to this exemption on a subsequent bill after verified notification by the billed Customer within thirty (30) days of billing.

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SECTION 4.0 - RATES, (Cont'd)

4.2 Exemptions and Special Rates, (Cont'd)

4.2.3 Operator Assistance for Handicapped Persons

Operator station surcharges will be waived for operator assistance to a caller who identifies him or herself as being handicapped and unable to dial the call because of the handicap.

4.2.4 Directory Assistance for Handicapped Persons

Pursuant to FPSC rules and regulations, the Company will not charge for the first 50 phone calls made to directory assistance by handicapped Customers.

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SECTION 4.0 - RATES, (Cont'd)

4.3 Outbound Service

Calls are billed in sixty (60) second increments with an initial period for billing purposes of sixty (60) seconds.

Per Minute Rate: \$ 0.10

4.4 Travel Card Service

Calls are billed in sixty (60) second increments with an initial period for billing purposes of sixty (60) seconds.

Per Minute Rate: \$0.20
Per Call Charge: \$0.25

4.5 Directory Assistance

Up to two requests may be made on each call to Directory Assistance.

Per Call Rate: \$ 0.95

4.6 Return Check Charge

\$20.00 per occurrence

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SECTION 5.0 - PROMOTIONS

5.1 Demonstration Calls

From time to time MasterTel will demonstrate its services by providing free test calls of up to fifteen minutes duration over its network.

5.2 Promotions - General

From time to time, the Carrier may provide promotional offerings to introduce a current or potential Subscriber to a service not being used by the subscriber. These offerings may be limited to certain dates, times or locations and may waive or reduce recurring or non-recurring charges.

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ATTACHMENT III

FINANCIAL STATEMENTS

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

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

MasterTel Communications, Corp.

Financial Capability

MasterTel is a start-up telecommunications company that plans to offer and bill telecommunications services over the internet. The company is currently in the process of working on an IPO and through self underwriting expects to obtain 3-4 million dollars in capital through issuance of dbt or equity instruments.

MASTER COMMUNICATIONS CORP.

(A DEVELOPMENT STAGE COMPANY)

FINANCIAL STATEMENTS

DECEMBER 31, 1998

MASTER COMMUNICATIONS CORP.

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BERENFELD,
SPRITZER,
SHECHTER
& SHEER

CERTIFIED PUBLIC ACCOUNTANTS

A Partnership of Professional Associations

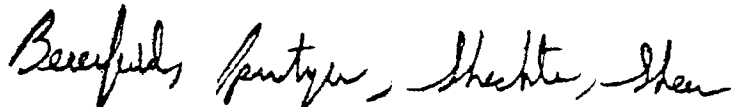
Independent Auditors' Report

To the Stockholders and
Board of Directors
Master Communications Corp.
Miami, Florida

We have audited the accompanying balance sheet of Master Communications Corp. (a development stage company) as of December 31, 1998 and the related statements of operations, changes in stockholders' equity and cash flows for the year then ended and for the cumulative period May 5, 1997 (inception) to December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Master Communications Corp. as of December 31, 1998, and the results of its operations and its cash flows for the year then ended and for the cumulative period May 5, 1997 (inception) to December 31, 1998 in conformity with generally accepted accounting principles.



BERENFELD, SPRITZER, SHECHTER & SHEER

May 24, 1999

MASTER COMMUNICATIONS CORP.

(A DEVELOPMENT STAGE COMPANY)

BALANCE SHEET

DECEMBER 31, 1998

ASSETS

CURRENT ASSETS:

Cash		\$ <u>11,135</u>
TOTAL ASSETS		\$ <u>11,135</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable	\$ 280	
Payroll taxes payable	213	
Accrued expenses payable	<u>2,500</u>	
Total Current Liabilities		\$ 2,993

STOCKHOLDERS' EQUITY:

Preferred stock \$.0001 par value, 1,000,000 shares authorized, 0 shares issued and outstanding	0	
Common stock, \$.0001 par value, 50,000,000 shares authorized, 725,000 shares issued and outstanding	73	
Additional paid-in-capital	28,927	
Deficit accumulated during the development stage	<u>(20,858)</u>	
Total Stockholders' Equity		<u>8,142</u>

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		\$ <u>11,135</u>
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The accompanying notes are an integral part of these financial statements.

MASTER COMMUNICATIONS CORP.

(A DEVELOPMENT STAGE COMPANY)

STATEMENTS OF OPERATION

	For the Year Ended <u>December 31, 1998</u>	From May 5, 1997 (Inception) to <u>December 31, 1998</u>
DEVELOPMENT STAGE REVENUES	\$ <u>0</u>	\$ <u>0</u>
DEVELOPMENT STAGE EXPENSES:		
Consulting fees	1,660	1,660
Licenses and taxes	759	759
Management fees	0	4,000
Office expenses	815	980
Officers' salaries	1,320	1,320
Payroll taxes	112	112
Professional fees	2,682	8,182
Registration fees	3,627	3,627
Telephone	<u>136</u>	<u>218</u>
Total Development Stage Expenses	<u>11,111</u>	<u>20,858</u>
DEFICIT ACCUMULATED DURING THE DEVELOPMENT STAGE	<u>\$11,111</u>	<u>\$20,858</u>

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

MASTER COMMUNICATIONS CORP.

(A DEVELOPMENT STAGE COMPANY)

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE PERIOD MAY 5, 1997 (INCEPTION) THROUGH DECEMBER 31, 1998

	<u>COMMON STOCK</u>		<u>ADDITIONAL</u>	<u>DEFICIT</u>	
	<u>SHARES</u>	<u>AMOUNT</u>	<u>PAID-IN-</u>	<u>ACCUMULATED</u>	
			<u>CAPITAL</u>	<u>DURING THE</u>	<u>TOTAL</u>
				<u>DEVELOPMENT</u>	
				<u>STAGE</u>	
Balance, May 5, 1997 (inception)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Common stock issued to related parties for consulting fees	100,000	10	3,990	0	4,000
Common stock issued to third parties	625,000	63	24,937	0	25,000
Deficit accumulated during the development stage for the period May 5, 1997 (inception) through December 31, 1997	<u>0</u>	<u>0</u>	<u>0</u>	(9,747)	(9,747)
Balance, December 31, 1997	725,000	73	28,927	(9,747)	(19,253)
Deficit accumulated during the development stage for the year ended December 31, 1998	<u>0</u>	<u>0</u>	<u>0</u>	(11,111)	(11,111)
Balance, December 31, 1998	\$ <u>725,000</u>	\$ <u>73</u>	\$ <u>28,927</u>	\$ (<u>20,858</u>)	\$ <u>8,142</u>

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

MASTER COMMUNICATIONS CORP.

(A DEVELOPMENT STAGE COMPANY)

STATEMENT OF CASH FLOWS

INCREASE (DECREASE) IN CASH

	For the Year Ended <u>December 31, 1998</u>	From May 5, 1997 (Inception) to <u>December 31, 1998</u>
OPERATING ACTIVITIES:		
Deficit accumulated during the development stage	\$(11,111)	\$ (20,858)
Increase in accounts payable	280	280
Increase in payroll taxes payable	213	213
Increase in accrued expenses	2,500	2,500
Decrease in advances receivable	<u>15,000</u>	<u>0</u>
Net Cash Used by Operating Activities	(<u>6,882</u>)	(<u>17,865</u>)
FINANCING ACTIVITIES:		
Proceeds from the issuance of common stock	0	25,000
Common stock issued for consulting services	<u>0</u>	<u>4,000</u>
Net Cash Provided by Financing Activities	<u>0</u>	<u>29,000</u>
INCREASE IN CASH	6,882	11,135
CASH, BEGINNING	<u>4,253</u>	<u>0</u>
CASH, ENDING	\$ <u>11,135</u>	\$ <u>11,135</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
NON-CASH FINANCING ACTIVITIES:		
COMMON STOCK ISSUED FOR CONSULTING SERVICES		\$ <u>4,000</u>

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

MASTER COMMUNICATIONS CORP.

(A DEVELOPMENT STAGE COMPANY)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1998

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Master Communications Corp. ("the Company") was incorporated on May 5, 1997 under the laws of the State of Florida. The Company's operations have been devoted primarily to structuring and positioning itself to take advantage of opportunities available in the telecommunications industry. The Company intends to grow through internal development, strategic alliances and acquisitions of existing businesses.

Use of Estimates

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 disclosures of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 2 - DEVELOPMENT STAGE OPERATIONS

The Company's operations have been devoted primarily to raising capital for future operations and administrative functions.

The ability of the Company to achieve its business objective is contingent upon its success in raising additional capital until adequate revenues are realized from operations.

MASTER COMMUNICATIONS CORP.

(A DEVELOPMENT STAGE COMPANY)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1998

NOTE 3 - INCOME TAXES

The Company has a carryforward loss for income tax purposes of \$12,646 that may be offset against future taxable income. The carryforward loss expires in the year 2014. Management has elected not to recognize any future income tax benefits that may arise from the utilization of the carryforward due to the uncertainty regarding the success of future operations.

NOTE 4 - STOCKHOLDERS' EQUITY

The Company issued 100,000 common shares upon incorporation to James F. Lee (President), the Company's sole officer and director, in consideration for management services valued at \$4,000. In addition, it issued 200,000 common shares to GSM Communications Inc., an affiliated company. These investors are deemed to be founders and affiliates of the Company. Concurrently, the Company entered into a private offering of securities pursuant to Regulation D, Rule 504, promulgated under the Securities Act of 1933. Common shares were offered to non-accredited investors for cash consideration of 4 cents per share for which 425,000 shares were issued to 5 unaffiliated shareholders. That offering is now closed.

On March 20, 1998, Mr. Lee sold his ownership interest in the Company, consisting of 100,000 shares, to The Farkas Group, Inc., in a private transaction subject to Section 4(2) of the Securities Act of 1933. The Farkas Group, Inc. is a privately-held corporation owned primarily by Mr. Michael D. Farkas.

On December 28, 1998, GSM Communications sold its stock to Congregation Beth Hamedrash Rachmay Haub for \$8,000.

MASTER COMMUNICATIONS CORP.

(A DEVELOPMENT STAGE COMPANY)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1998

NOTE 5 - SUBSEQUENT EVENTS AND RELATED PARTY TRANSACTIONS

OFFICERS AND BOARD OF DIRECTORS

Subsequent to year end, the shareholders elected two members to the Board of Directors:

Javier Agüero	-	Director
Jamee Freeman	-	Director

The Board of Directors elected the following officers:

Jamee Freeman	-	President and Chief Executive Officer
Javier Agüero	-	Executive Vice President and Chief Financial Officer
Jamee Freeman	-	Secretary/Treasurer

EMPLOYMENT AGREEMENT

Subsequent to December 31, 1998 the Company agreed in principle to an employment agreement for Jamee Freeman. The significant terms of this agreement are as follows:

TERM

1 year term, automatically renewable for a period of 1 year each consecutive year thereafter, unless prior notice is given by either the Company or the employee 90 days prior to the expiration of the contract term.

COMPENSATION

Compensation will be at an annual rate of \$49,000.

MASTER COMMUNICATIONS CORP.

(A DEVELOPMENT STAGE COMPANY)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1998

NOTE 5 - SUBSEQUENT EVENTS AND RELATED PARTY TRANSACTIONS (Cont'd)

In March of 1999 the company entered into its second private offering of securities pursuant to Regulation D, Rule 504, promulgated under the Securities Act of 1933. Common shares were offered to non-accredited investors for cash consideration of 10 cents per share for which 535,000 shares were issued to 30 unaffiliated shareholders. That offering is now closed.

The Company paid The Farkas Group, Inc. \$5,000 for assisting in creating a private placement offering document. The Farkas Group, Inc. owns 100,000 shares of the Company's common stock and is deemed to be a related party. The Farkas Group is primarily owned by Michael D. Farkas and is deemed to be a related party.

The Company engaged Berger & Assoc. for various consulting services. Berger & Assoc. is owned by a family member of Michael D. Farkas and is deemed to be a related party.

On January 1, 1999 the Company agreed to reimburse Atlas Equity Group, Inc. \$1,000 per month (on a month to month basis) commencing on January 1, 1999 for operating and administrative expenses. Atlas Equity Group, Inc. is primarily owned by Michael D. Farkas and is deemed to be a related party.

On January 11, 1999 the Company sold 1,000,000 restricted common shares, \$.0001 par value, for \$100 to each of the following entities:

1. Atlas Equity Group, Inc.
2. The Farkas Group, Inc.
3. GSM Communications, Inc.

These companies are primarily owned by Michael D. Farkas and are deemed to be related parties.

In addition, on January 11, 1999 the Company issued 50,000 shares of common stock to Jamee Freeman (President) in consideration of managerial services rendered valued at \$500, and 50,000 shares of its common stock to Richard Anslow, Esq. for legal services performed for the Company valued at \$500.

ATTACHMENT IV

MANAGERIAL AND TECHNICAL CAPABILITIES

MANAGERIAL AND TECHNICAL CAPABILITIES

Jamee Freeman - President/Secretary/Treasurer/Director

Ms. Freeman has served as President, Secretary, Treasurer and Director of MasterTel Communications Corp. since October 1998. She is a marketing and telecommunications expert with strong abilities in the creation of new strategies and business plans. Ms. Freeman has been involved in the telecommunications industry since 1990, specializing in pay per call services.

Javier Aguero - Vice President/Director

Javier Aguero has served as Vice President and Director of MasterTel Communications Corp. since May 1999. He has extensive experience in the accounting, managerial and marketing fields. Mr. Aguero has worked for publically held telecommunications and import/export companies where his responsibilities were in the control and maintenance of the financial departments. He has supervised all phases of accounting including the preparation of financial audit reports. Mr. Aguero earned a Bachelors in Accounting from San Marcos University, Lima, Peru in 1993.



DEPOSIT

DATE

July 15, 1998
Overnight Mail

D17

JUL 16 1999

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

Mr. Walter D'Haeseleer, Director Communications
Florida Public Service Commission
Division of Communication
2540 Shumard Oak Boulevard
Gerald L. Gunter Building, Room 270
Tallahassee, FL 32399-0850

RE: Initial Application and Tariff of MasterTel Communications Corp. for Authority to Provide Interexchange Telecommunications Services within the State of Florida.

Dear Mr. D'Haeseleer:

Enclosed for filing are the original and six (6) copies of the above-referenced application of MasterTel Communications Corp. Also enclosed is a \$250 check to cover the filing fee.

Please acknowledge receipt of this filing by returning, filed stamped, the extra copy of this letter in the self-addressed stamped envelope.

I may be reached at (407) 740-8575 with any questions, comments or correspondence regarding this application. Thank you for your assistance.

Sincerely,

MASTER COMMUNICATIONS CORP.
701 BRICKELL AVE, SUITE 3120
MIAMI, FL 33131

NATIONSBANK
MIAMI, FL 33131
63-4/630

1039

4/23/1999

PAY TO THE ORDER OF Public Service Commission

\$ **250.00

Two Hundred Fifty and 00/100*****

Public Service Commission
Division of Communications
2540 Shumard Oak Blvd.
Tallahassee, FL 32399

DOLLARS
Security features included.
Details on back.

DOCUMENT NUMBER-DATE

MEMO Ref: MasterTel Communications

08492 JUL 16 99

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