

SmartComm Corp.

100 North Biscayne Blvd Suite 400
Tel 305-908-7777 Fax 305-908-7777

July 31, 1999

Florida Public Service Commission
Division of Communications
Bureau of Service Evaluation
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

991011-TX

To Whom It May Concern:

StartComm Corp has the sufficient financial capability to provide, maintain and to meet its lease and ownerships obligation. We are currently generating income from our other divisions, which have a projected gross sale of \$35,000,000 with net profits of \$5,000,000 as of December 1999. StartComm Corp. is a full service telecommunications company offering bundled services. The concept is simple, one point of contact for all services, and one invoice. StartComm Corp meets the requirements of customer needs by consolidating services and providing true 'Communications Management' i.e., quality products and services at competitive prices within targeted markets. The Company is developing a wide range of marketing and distribution channels in order to expand its customer base, particularly in its target market of small to medium-sized businesses and residential market. The Company will markets its products and services through (i) its direct sales forces; (ii) networks of independent agents and distributors; and (iii) telemarketing organizations.

The existing market opportunity for StartComm Corp continues to be bright. With its operation already profitable, revenues and earnings are forecasted to continue and grow at above average rates. With a clearly defined acquisition strategy, targeting small and fast growing businesses in the communications industry, StartComm Corp ability to continue to grow rapidly into a \$100+ million dollar corporation within the first 36 months of its corporate life is a goal well within its grasp.

We are confident gross sales will be \$3,883,000 with a net profits \$1,150,000 as of December 2000. We have never failed to fulfill our commitments to our suppliers and customers and that we will be able to fulfill our commitment and financial responsibility that are being requested of us.

Sincerely,



Osvaldo Pirex
Executive Vice President

Check received of \$1,150,000 and
reworded to include that check
is to be used for the... on check
of \$1,150,000...



DOCUMENT NUMBER - DATE

09163 AUG-3 99

FPSO-RECORDS/REPORTING

FLORIDA PUBLIC SERVICE COMMISSION

Division of Communication
Bureau of Service Evaluation

STARTCOMM CORP
PRICE LIST

ALTERNATIVE LOCAL EXCHANGE COMPANY

STARTCOMM CORP
100 North Biscayne Blvd Suite 402
Miami, Florida, 33132

09163-99

TITLE SHEET

FLORIDA TELECOMMUNICATIONS TARIFF

This tariff contains the description, regulations, and rates applicable to the furnishing of service and facilities for telecommunications services provided by StartComm Corp, Inc. with principal offices at 100 North Biscayne Blvd, Suite 402, Miami, Florida 33132. This tariff applies for services furnished within the state of Florida. This tariff is on file with the Florida Public Service Commission, and copies may be inspected during normal business hours at the Company's principal place of business.

ISSUED: July 30, 1999

EFFECTIVE: _____

By:

Kenneth Jacobi, Regulatory Affairs
100 North Biscayne Blvd, Suite 402
Miami, Florida 33132

CHECK SHEET

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

<u>SHEET</u>	<u>REVISION</u>
1	Original
2	Original
3	Original
4	Original
5	Original
6	Original
7	Original
8	Original
9	Original
10	Original
11	Original
12	Original
13	Original
14	Original
15	Original
16	Original
17	Original
18	Original

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Miami, Florida 33132

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SYMBOLS SHEET

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

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

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TARIFF FORMAT SHEETS

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

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

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

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

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

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Miami, Florida 33132

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

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

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

Company or Carrier - StartComm Corp, Inc.

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

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

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

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

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

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SECTION 2 - RULES AND REGULATIONS

2. 1 **Undertaking of the Company.**

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

The Company's installs operate and maintain the communications services provided herein in accordance with the terms and conditions set forth under this tariff. It may act as the customer's agent for ordering access connection facilities provided by other carriers or entities when authorized by the customer, to allow connection of a customer's location to the Company's network. The customer shall be responsible for all charges due for such service arrangements.

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

The selling of IXC telecommunication service to uncertified IXC resellers is prohibited.

2. 2 **Limitations.**

2. 2. 1 Service is offered subject to the availability of facilities and provisions of this tariff.

2. 2. 2 The Company's reserves the right to discontinue furnishing service or limit the use of service necessitated by conditions beyond its control: or when the customer is using service in violation of the law or the provisions of this tariff.

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SECTION 2 - RULES AND REGULATIONS continued

2. 2 Limitations (Cont.)

- 2. 2. 3 All facilities provided under this tariff are directly controlled by the Company and the customer may not transfer or assign the use of service or facilities, except with the express written consent of the Company. Such transfer or assignment shall only apply where there is no interruption of the use or location of the service or facilities.
- 2. 2. 4 Prior written permission from the Company is required before any assignment or transfer. All regulations and conditions contained in this tariff shall apply to all such permitted assignees or transferees, as well as all conditions for service.
- 2. 2. 5 Customers reselling or rebilling services must have a Certificate of Public Convenience and Necessity an interexchange carrier for the Florida Public Service Commission.

2. 3 Liabilities of the Company.

- 2. 3. 1 The Company's liability for damages arising out of mistakes, interruptions, omissions, delays, errors, or defects in the transmission occurring in the course of furnishing service or facilities, and not caused by the negligence of its employees or its agents, in no event shall exceed an amount equivalent to the proportionate charge to the customer for the period during which the aforementioned faults in transmission occur.
- 2. 3. 2 The Company shall be indemnified and held harmless by the customer against:
 - (A) Claims for libel, slander, or infringement of copyright arising out of the Material, data, information or other content transmitted over the Company's Facilities.
 - (B) All other claims arising out of any act or omission of the customer in connection with any service or facility provided by the Company.

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SECTION 2 - RULES AND REGULATIONS

2. 4 **Interruption of Service.**

2. 4. 1 Credit allowance for the interruption of service which is not due to the Company's testing or adjusting, negligence or the customer, or to the failure of channels or equipment provided by the customer, are subject to the general liability provisions set forth in 2. 3. 1 herein. It shall be the customer's obligation to notify the Company immediately of any service interruption for which a credit allowance is desired. Before giving such notice, the customer shall ascertain that the trouble is not being caused by any action or omission by the customer within his control, if any, furnished by the customer and connected to the Company's facilities. No refund or credit will be made for the time that the Company stands ready to repair the service and the subscriber does not provide access to the Company for such restoration work.
2. 4. 2 No credit shall be allowed for an interruption of a continuous duration of less than twenty-four hours after the subscriber notifies the Company.
2. 4. 3 The customer shall be credited for an interruption of more than twenty-four hours as follows:

Credit Formula:

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

"A" - outage time in hours

"B" - total days in month

"C" - total monthly charge for affected facility

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SECTION 2 - RULES AND REGULATIONS continued

2.5 Disconnection of Service by Carrier.

The company (carrier), upon 5 working days written notice to the customer, may discontinue service or cancel an application for service without incurring any liability for any of the following reasons:

- 2. 5. 1 Non-payment of any sum due to carrier for regulated service for more than thirty days beyond the date of rendition of the bill for such service.
- 2. 5. 2 A violation of any regulation governing the service under this tariff.
- 2. 5. 3 A violation of any law, rule, or regulation of any government authority having jurisdiction over such service.
- 2. 5. 4 The company has given the customer notice and has allowed a reasonable time to comply with any rule, or remedy, and deficiency as stated in Rule 25-4.113, F.A.C., Refusal or Discontinuance of Service by Company.

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SECTION 2 - RULES AND REGULATIONS continued

2. 6 **Deposits**

The Company does not require a deposit from the customer.

2. 7 **Advance Payments**

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

2. 8 **Taxes**

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

2. 9 **Billing of Calls**

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

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SECTION 3 - DESCRIPTION OF SERVICE

3.1 **Timing of Calls**

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

The customer's long distance usage charge is based on the actual usage of the Company's network. Usage begins when the called party picks up the received, (i.e. when 2-way communication, often referred to as "conversation time" is possible.) When the called party picks up is determined by hardware answer supervision in which the local telephone company sends a signal to the switch or the software utilizing audio tone detection. When software answer supervision is employed, up to 60 seconds of ringing is allowed before it is billed as usage of the network. A call is terminated when the calling or called party hangs up.

3.1.2 **Billing Increments**

The minimum call duration for billing purposes is 1 minute for a connected call and calls beyond 1 minute are billed in 1-minute increments.

3.1.3 **Per Call Billing Charges**

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

3.1.4 **Uncompleted Calls**

There shall be no charges for uncompleted calls.

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SECTION 3 - DESCRIPTION OF SERVICE continued**3.2 Calculation of Distance**

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

The airline mileage between rate centers is determined by applying the formula below to the vertical and horizontal coordinates associated with the rate centers involved. The Company uses the rate centers that are produced by Bell Communications Research in the NPA-NXX V & H Coordinates Tape and Bell's NECA Tariff No. 4.

FORMULA:

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

3.3 Minimum Call Completion Rate

A customer can expect a call completion rate [expressed as a percentage](number of calls completed / number of calls attempted) of not less than 90% during peak use periods for all FG D services ("1+" dialing).

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SECTION 3 - DESCRIPTION OF SERVICE continued

3. 4 Service Offerings

3. 4. 1 StartComm Corp, Inc. Long Distance Service

StartComm Corp, Inc. Long Distance Service is offered to residential and business customers. The service permits direct dialed outbound calling at a single per minute rate. Service is provided from presubscribed, dedicated or shared use access lines. Calls are billed in one-minute increments. No monthly recurring charges or minimum monthly billing requirements apply.

3. 4. 2 StartComm Corp, Inc. 800 / 888 (Inbound) Long Distance Service

StartComm Corp, Inc. 800 / 888 (Inbound) Long Distance Service is offered to residential and business customers. The service permits inbound 800 / 888 calling at a single per minute rate. Service is provided from presubscribed, dedicated or shared use access lines. Calls are billed in six-second increments, with six-second minimum call duration. No monthly recurring charges apply. A \$10.00 minimum monthly billing requirement applies. Customers whose monthly usage is less than the minimum will be billed the minimum amount.

3. 4. 3 StartComm Corp, Inc. Calling Card Service

StartComm Corp, Inc. Calling Card Service is a calling card service offered to residential and business customers who subscribe to the StartComm Corp, Inc Long Distance Service-calling plan. Customers using the Carrier's calling card service access the service by dialing a 1-800 number followed by an account identification number and the number being called. This service permits subscribers utilizing the Carrier's calling card to make calls at a single per minute rate. Calls are billed in one (1) minute increments after the initial minimum period of one (1) minute. There are no nonrecurring or monthly recurring charges. No calling card surcharge applies.

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SECTION 3 - DESCRIPTION OF SERVICE continued**3. .4. 4 Operator Services**

The Company's operator services are provided to residential and business customers who "**presubscribed**" to this service for intrastate calling. Operator services include the completion of collect, station-to-station, person-to-person, third party billing and credit card calls with the assistance of a Carrier operator. Each completed operator assisted call consists of two charge elements (except as otherwise indicated herein): (i) a fixed operator charge, which will be dependent on the type of billing selected (e.g., calling card, collect or other) and/or the completion restriction selected (e.g., station-to-station or person-to-person); and (ii) a measured usage charge dependent upon the duration, distance and/or time of day of the call.

3. 4. 4. A Operator Dialed Surcharge

This surcharge applies to Operator Station and Person-to-Person rated calls when the customer has the capability of dialing all the digits necessary to complete a call, but elects to dial only the appropriate operator code and requests the operator to dial the called station. The surcharge does not apply to:

- 1) Calls where a customer cannot otherwise dial the call due to defective equipment or trouble on the StartComm Corp, Inc. network; and
- 2) Calls in which a Company operator places a call for a calling party who is identified as being handicapped and unable to dial the call because of his/her handicap.

The Operator Dialed Surcharge applies in addition to any other applicable operator charges.

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SECTION 4 - RATES

4. 1 StartComm Corp, Inc. Long Distance Service

Rate per minute - \$0.07 / \$0.25
Plan is billed in full minute increments.

4. 2 StartComm Corp, Inc. (Inbound) Long Distance Service

Rate per minute - \$0.15 / \$0.35
Plan is billed in six-second increments with a six second minimum.

4. 3 StartComm Corp, Inc. Calling Card Service

Rate per minute - \$0.07 / \$0.35
Plan is billed in full minute increments.
Calling Card Surcharge \$1.00

4. 4 Operator Services (For presubscribed customers)

Collect Station-to-Station	\$1.00
Collect Person-to-Person	\$3.25
Person-to-Person	\$3.25
Station-to-Station	\$1.00
Customer Dialed Calling Card	\$1.10
Operator Dialed Calling Card	\$1.95
Operator Dialed Surcharge	\$1.00

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SECTION 4 - RATES continued**4.5 Determining Applicable Rate in Effect.**

For the initial minute, the rate applicable at the start of chargeable time at the calling station applies. For additional minutes, the rate applicable is that rate which is in effect at the calling station when the additional minute(s) begin. That is, if chargeable time begins during the Day Period, the Day Rate applies to the initial minute and to any additional minutes that the call continues during the rate period, the appropriate rates from that period apply to any additional minutes occurring in that rate period. If an additional minute is split between two rate periods, the rate period applicable at the start of the minute applies to the entire minute.

4.6 Payment of Calls**4.6.1 Late Payment Charges**

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

4.6.2 Return Check Charges

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

4.7 Restoration of Service

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

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SECTION 4 - RATES continued

4. 8 **Special Promotions**

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

4.9 **Special Rates For The Handicapped**

4. .9. 1. **Directory Assistance**

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

4. 9. 2 **Hearing and Speech Impaired Persona**

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

4. 9. 3 **Telecommunications Relay Service**

For intrastate toll calls received from the relay service, the Company will when billing relay calls discount relay service calls by 50 percent off of the otherwise applicable rate for a voice nonrelay call except that where either the calling or called party indicates that either party is both hearing and visually impaired, the call shall be discounted 60 percent off of the otherwise applicable rate for a voice nonrelay call. The above discounts apply only to time-sensitive elements of a charge for the call and shall not apply to per-call charge for the call and shall not apply to per-call charges such as a credit card surcharge.

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Curriculum Vitae

Personal background/Información personal:

- Last Name/Apellido : lasprizza
- Name/Nombre : Víctor
- Date of birth/Fecha de nacimiento : 09/21/66
- Place of birth/Lugar de nacimiento : Venezuela
- Nationality/Nacionalidad : Venezuela
- Married Status/ Estado Civil : Single

- Children/Hijos : None
- Address/Domicilio : 2333 Brickell Ave. Apt. 1706. Miami, Fl. 33129

Studies/Estudios:

- Primary studies/Estudios primarios : Colegio Fray Luis Amigó, Yaracuy, Venezuela
From/Desde - To/Hasta : 1972-1974
- Primary studies/Estudios primarios : Cranbrook Elementary School, Ohio, USA.
From/Desde - To/Hasta : 1974-1976
- Primary studies/Estudios primarios : Colegio Fray Luis Amigó, Yaracuy, Venezuela
From/Desde - To/Hasta : 1976-1980
- Secondary Studies/Estudios secundarios : Colegio Fray Luis Amigó. Yaracuy, Venezuela
From/Desde - To/Hasta : 1980-1985
- University/Universidad : Universidad Tecnológica Del Centro. Guacara, Venezuela
From/Desde - To/Hasta : 1990-1993
Field/Carrera : Técnico Superior Universitario, *Mención Logística*
- University/Universidad : Universidad Tecnológica Del Centro. Guacara, Venezuela
From/Desde - To/Hasta : 1991-1994
Field/Carrera : Técnico Superior Universitario, *Mención Procedimientos y Métodos.*
- University/Universidad : Universidad Tecnológica Del Centro. Guacara, Venezuela
From/Desde - To/Hasta : 1990-1995
Field/Carrera : *Licenciado en Ciencias Gerenciales y Administrativas.*
- Complementary studies/Cursos complementarios : Seminario sobre Calidad de Servicio en empresas Pública.
IESA-Venezuela.
- Complementary studies/Cursos complementarios : Seminario sobre El Aseguramiento de Calidad del Servicio
posventa. Cámara de Comercio del Estado Carabobo.
Venezuela

- Complementary studies/Cursos complementarios :Seminario sobre la Norma de Calidad. ISO-9000
Cámara de Comercio del Estado Carabobo, Venezuela.

Previous experience/Experiencia previa

: *IBM de Venezuela.*

Asistente a la gerencia de Calidad de Servicio para Latinoamérica. Encargado de la mejora del Sistema OIGO (Ongoing Information Gain Optimizer) de Calidad de servicio para IBM Latinoamérica.

: *Pirelli de Venezuela.*

Diseño de un sistema Gerencial de Calidad de Servicios para la mejora de procesos Administrativos y Gerenciales

Actual position/Posición actual

: *Administration Manager*

Number of years with Startcomm/Número de Años con Startcomm

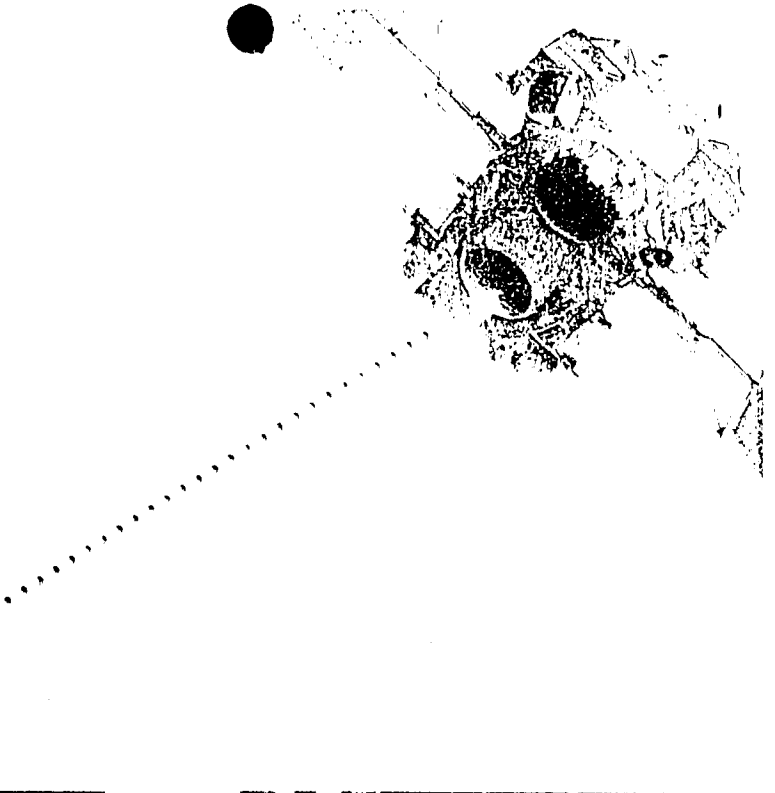
: *Since March 15, 1997. (3 Years)*

*Please feel free to add any additional information/Por favor añadir cualquier información additional

Luis A. Villarreal N.

e-mail: luis@Startcomm.net
Home: 305-531-7127

- Experience
- Sep 98 - up-to-date Startcomm Corp. Miami, Fl.
MMCS Support Engineer
- Management and Maintenance of MMCS's Network.
 - Customer Support.
 - Provisioning of new providers and customers.
 - Digital link's installation, T1, E1, SS7.
 - Planification of Dialing Plan.
 - Trouble analysis MMCS system.
 - Least Coast Routing's programming.
 - Management and Maintenance of PBX NOSTAR
 - System Callback Management.
- Feb 96- Sep 98 S.A.E.C.A Caracas, Venezuela
Support Engineer, Customer Service Department
- Management and Maintenance of Meridian 1 PBXs Options 11, 21, 51, 61, 71, 81 Version E y C.
 - Trouble analysis of Meridian 1 PBXs.
 - Feature implementation Meridian 1.
 - Planing and installation of PBX Meridian 1 option 11C.
 - Digital and Analog link's installation, DTI, PRI, E&M.
 - Consultant of ACD centers.
 - Instructor of Meridian 1 Option 61 PBX.
 - Technical Support of SS7 TURBO 7 analyzer , INET.
- Education
- Sep 87- Sep 95 Simon Bolivar University Caracas, Venezuela
- B.S. Electronic Engineer.
- Training Courses
- MMCS SS7, NORTEL. Fl, USA .Oct, 98
 - MMCS Management System, NORTEL. Fl, USA. Sep, 98.
 - Flexible Call Detail Recording, NORTEL. Fl, USA .Sep, 98.
 - MMCS Module 2 , NORTEL. Fl, USA . Sep, 98.
 - Meridian MAX NORTEL Meridian 1. Caracas, Vzla.Feb,98.
 - Computer Network: Computer Architecture, Network Hardware, Network Administration Novell 3.12, Advance Network Hardware, and Wire Structure. Caracas, Vzla. Sep 97 - Dec 97.
 - Installation and Programming of MICOM Multiplexer Marathon Version. Caracas, Vzla. Nov 97.



STARTCOMM

CORP.

BUSINESS PLAN
JULY, 1998

STARTCOMM CORP.

Business Plan

July, 1998

STARTCOMM CORP.
Business Plan
July, 1998

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EXECUTIVE SUMMARY

The international long distance service industry is among the fastest growing industries in the United States and the World. The demand for telecommunication services and the supply of telecommunication capacity have increased dramatically, with the demand generally staying ahead of supply. The international traffic continues to grow faster than the number of lines. Even though the total international traffic is expected to grow 58% to year 2000, the number of fixed main lines is expected to increase only 25%. The growth has been fueled by a number of factors, including regulatory liberalization, technological advances, declining costs, competition, increased globalization of business, and economic growth.

Historically, governmental telecommunication monopoly companies dominated the carrier business, creating an artificially high pricing structure for international voice traffic. The high pricing was protected by law, making it illegal for services to be provided by any institution other than the governmental monopoly companies. These high prices inspired the use of new methodologies to reduce the costs of calling. International Callback, the practice of changing the point of origination to the least expensive country, offered an alternative, although somewhat cumbersome, method to international calling. Sending traffic as data over private lines represented another alternative approach. However, "Alternate Access" represents a business for the newly deregulated markets of the future, as both the local and the international carriers prepare for doing business in the new deregulated environment. All Latin American countries are in some phase of planning the deregulation and privatization of their telecommunications industry.

Startcomm Corp. (the Company), a United State facilities-based alternate access carrier, specializing in the transit of international long distance service to Latin American countries, targeting its services to larger carriers in the U.S., Europe, and Asia. As an alternate access carrier, the Company will provide wholesale voice transport and termination services to South America. These services will be provided to large U.S. based long distance carriers, and to large international carriers with switching capabilities in the United States.

The technology is a telecommunication network based on point to point dedicated voice/fax/data circuits, transmitting value added long distance traffic to Latin America's public switch telephone network. For the trafficking of voice switched minutes, the Company will interconnect to a Network Point-Of-Presence (POP) through fiber optic connection.

The Company's objective is to build and operate 20 POP facilities, assuring high volume of long distance traffic, as well as building new markets quickly and efficiently.

Focusing on the strength of the Company and drawing on the distinctive individual talents of its management, a strategic plan has been developed that would effectively position the Company as a niche carrier for Latin American voice traffic, providing high quality, high capacity wholesale voice service at very competitive prices to prime carries such as AT&T, Sprint, and Frontier.

In November 1998, the Company plans to commence its "Alternate Access Carrier" service operations in a 2,066 square foot facility at the New World Tower office building located in the heart of downtown Miami, Florida. The Company projects rapid growth, with revenues of \$1.9 million in 1998, \$36.9 million in 1999, \$45.4 million in 2000, \$47.1 million in 2001, and \$49.5 million in 2002. The Company plans to emphasize the reinvestment of income for expansion through the increase in the number of POPs in Latin America. By the end of 1998, the Company is expecting to have POPs in Sao Paulo, Brazil, and Buenos Aires, Argentina. During the first quarter of 1999, the Company plans to open POPs in Rio de Janeiro, Brazil and Caracas, Venezuela.

In order to accomplish the goals of its strategic plan, the Company anticipates raising \$1.5 million from additional capital contribution from existing stockholders, and \$3.0 million from a bank loan. The proceeds will be used to purchase property and equipment, and for working capital requirements.

The Company plans to continue its aggressive POP expansion program as new deregulation opportunities emerge in Latin America. The Company believes that opportunities will continue to increase as it expands the geographic scope of its operations and the products and services it offers, and management continue market research, locating and negotiating profitable markets to establish operations worldwide. By the end of 1999, the Company plans to commence negotiations to open POPs in the Dominican Republic having 416 million minutes of voice traffic, Mexico having 2.4 billion, Colombia with 285 million, Ecuador having 157 million, and Peru with 144 million. The Company's future emphasis will be in the updating of its existing telecommunication equipment as new technology develops.

STARTCOMM INTERNATIONAL NETWORK



———→	Established Routes
-----	1999 Routes
.....	Routes oportunities beyond 1999

INDUSTRY BACKGROUND

On February 1, 1996 the U.S. Congress overwhelmingly passed the Telecommunication Act of 1996. The act was the first comprehensive rewrite of the Communication Act of 1934, and dramatically changed the ground rules for competition and regulation in virtually all sectors of the communication industry. President Clinton signed the act and its provision became effective immediately. For decades, communication policy maintained protected telecommunication monopolies, which included ownership and service restrictions. With the act, Congress has reasserted primacy in setting U.S. communication policy and has set a course that clearly adopts competition as the basic charter for all telecommunication markets.

After the U.S. telecommunication legislation, the rest of the World is being pressured to liberalize its services through multinational agreements. January 1, 1998 was the date set by the World Trade Organization for the liberation of telecom markets throughout much of the World. It was also the date on which the European Union's leading economies had agreed to allow full competition in voice and data services. By year 2000, it is likely that all Latin America's leading operators will be in private hands. Competition will be open and controlled by global regulation. Recently, the U.S. Federal Communications Commission (FCC) has asked certain Latin American governments to find a way to slash the costs of international telecom tariffs.

These facts have led to an explosion of opportunities for many competitive service providers, especially for the acceptance and growth of "Alternate Access Carriers" to the point where now all of the large carriers need to utilize alternate access in order to remain competitive in the marketplace. These large carriers are new to utilizing alternate access and require high quality, high volume routes in order to meet their customer expectations. It is this need for quality and volume by the larger carriers that Startcomm Corp. intends to fulfill.

Sales and Growth Trends

Whether measured in terms of revenue or traffic volume, the telecommunication industry is expected to continue to grow rapidly for the foreseeable future. Annual growth in industry revenues is expected to be maintained in the 10-15% range through the year 2000. At an average rate of 13%, this means that annual revenues should practically double to over \$90 billion by the end of the century. The volume of international traffic is expected to grow even more rapidly, at about 17% compounded annually.

The total international long distance traffic billed by U.S. carriers totaled \$14.2 billion, representing 19.2 billion minutes for 1996. The outbound service from the United States to Latin America amounted to \$4.78 billion in revenues with 5.75 billion in long distance minutes. International telecommunication growth to Latin America is over 30%. This growth was sustained during a period of relatively strong competitive restriction in the market and high settlement prices, an indication that this figure is expected to improve over the next few years as the liberalization policies influence the industry.

Competitive Conditions

The international telecommunication industry has experienced unprecedented growth and dramatic changes which have led to an explosion of opportunities for many competitive service providers, both large and small. Telecommunication is already one of the world's largest industries. By the end of 1998, it will be worth more than \$1 trillion in worldwide service revenues and equipment sales.

The newly competitive environment presents challenges and opportunities for alternate telecom carriers and new players alike. As the global information infrastructure develops, it will bring cost-effective, user-friendly communications tools and services within the reach of more and more people throughout the world. The rewards promise to be great for new small operators, such as Startcomm, with flexible, innovative, and more responsive to customers' needs, as it succeeds in winning a share of the increasingly lucrative telecom market.

The Market

Efforts, by the international organizations, are to overhaul the long-established international accounting rate system and to pave the way for the development of new means of setting international telecommunications environment. With the cost of international capacity over telecommunications network continuing to fall, thanks especially to high capacity fiber optic cables, the price of international calls should also drop dramatically, to eventually become more in line with the cost of an ordinary domestic call.

These facts, are placing a tremendous pressure on larger international carriers in becoming more price competitive to the point where they need to utilize alternate access in order to remain competitive in the marketplace.

Growth in the international sector has created alliances among major world carriers to focus only on major telecommunication gateways, (such as Europe and Asia) to service their customer. Leaving certain areas of the world passed over especially Latin America, which is also a very dynamic region for investing time, energy and money.

Government and Industry Regulations

Major strides have been made, particularly in relaxing federal regulation and in ensuring fair compensation in the long-distance telephone market, but the ambiguity inherited in enforcing a 62-year old statute has led to legal uncertainty and conflicting interpretations.

With the 1996 Act, Congress has reasserted primacy in setting U.S. communications policy and has set a course that clearly adopts competition in the long-distance telecommunication market.

January 1, 1998 was the date set by the World Trade Organization (WTO) for the liberation of telecom markets throughout much of the World. In an unprecedented deal, 69 countries, accounting for 90% of the world's \$650 billion telecom services, promised to open progressively their telecom markets to foreign investment and competition and agreed to abide by a common set of rules to ensure fair play. It was also the date on which the European Union's leading economies had agreed to allow full competition in voice and data services.

At its World Telecommunication Policy Forum, the members of the International Trade Union (ITU) overwhelmingly endorsed efforts to overhaul the long-established international accounting rate system and paved the way for the development of new means of setting international telecommunication traffic that are more suited to the fast-changing telecommunication environment. It is hard to overstate the significance of the pact, which is a component of the General Agreement on Trade in Services of the WTO, when it was agreed in principle ("as one of the most important trade agreements for the 21st century") to reduce the cost of international calls by as much as 80 percent.

The U.S. international telecommunication industry is regulated by the Federal Communications Commission (FCC) pursuant to the Telecommunication Act of 1996. Alternate access carriers that operate under Global Facilities-based/Global Resale Services License, are able to operate a telecommunication network based on point to point dedicated voice/fax/data circuits, transmitting international long distance traffic from and to the United States.

The FCC issues licenses to carriers once they have been accepted after filing the application and meeting the requirements for global authority. The FCC license helps to assure consumers and the industry, that a carrier is technically, financially and legally entitled to perform telecom services. Other countries also regulate Point-of-Presence licensing and have requirements that may place limitations on certain carriers.

The Company's U.S. facility and operations have been approved by the FCC, and in addition has obtained licenses for its facilities in Brazil and Argentina.

NATURE OF THE BUSINESS

The Company, while in the development stage of its "Callback" division, conducted market studies in the international telecommunication industry. Capitalizing on the rapid changes, new opportunities and technologies of world telecom, the Company started the "Alternate Access Carrier" division in late 1997. Affiliating with the President and CEO of a well known telecommunication company in Brazil, began the planning and building of the facilities-based infrastructure of this telecommunication network to Latin American.

Alternate Access Carrier Services

The alternate access carrier is a relatively new business in the industry of telecommunication, which have a definite competitive advantage. It consist of the wholesale of long distance voice and data transport, and termination services to large carriers, providing a more aggressive competitive pricing structure. Acceptance and growth of this segment of the industry has recently developed. Most of the larger carriers need to utilize this service to remain competitive in the marketplace. However, they want to limit the number of relationship with suppliers to a small number of qualified facilities-based carriers capable of delivering high quality and volume routes in order to meet their customer expectations.

Because of global deregulation and the falling of price, larger carriers are handling more than twice the long-distance traffic, requiring an increasing number of telephone lines. To provide their customers with continuing open circuits, major carriers are subcontracting termination services to small carriers having technological sophisticated equipment capable of transporting voice and data at high rate, and supporting high volume transmission.

The Technology

Using the most advanced and sophisticated equipment in the market today, the Company have develop a facility-based telecommunication network, which is based on point to point dedicated, T1 and E1 fiber optic circuits, transmitting value added long distance traffic to Latin America's public switch telephone network from the U.S.

As the main carriers receives long distance signals from customers, their system transfer the signal, via T1 fiber optic lines, to the next available contracted facility-based carrier. This carrier, receives the signals through the main switch system, and delivers the information to the destined Micom VFM system that compresses the voice into data. And, transmit through the passport system and via the E1 AT&T fiber optic cabling to the destined Point-of-Presence (POP), which decompresses the data into voice and delivers through the local switch telephone network. (See Diagram 1)

STARTCOMM CORP.
THE TECHNOLOGY

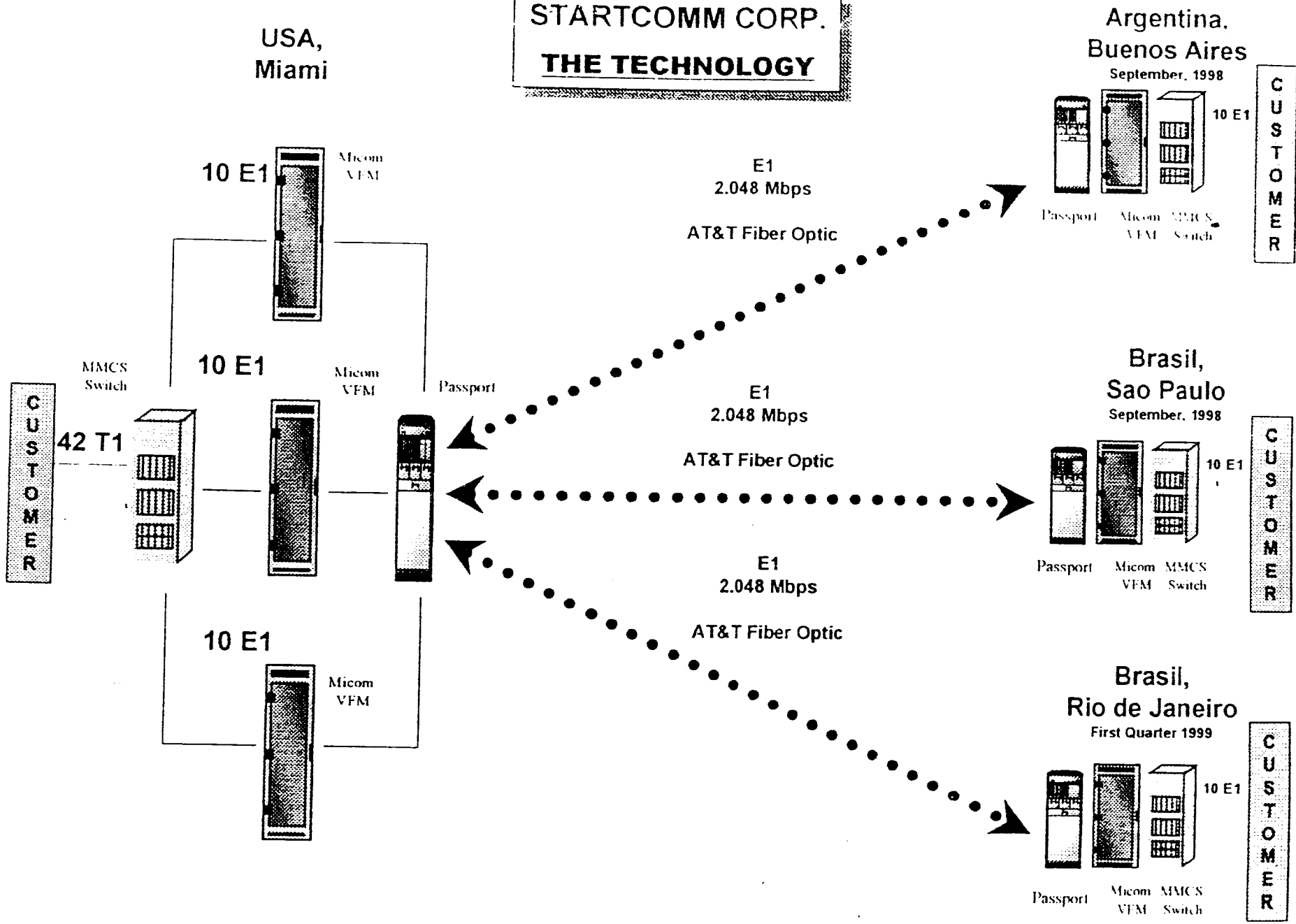


Diagram 1

OWNERSHIP AND MANAGEMENT

CORPORATE OWNERSHIP

Startcomm Corp., was incorporated under the laws of the State of Florida in 1996. The corporation has authorized, issued and outstanding 1,000 shares of common stock: 333 are owned by Carlos Bertonatti and family members; 333 are owned by Gabriel Tarrau; 333 are owned by Osvaldo Pirex; and the remaining 1 share is owned by Miguel Tarrau. In 1998, the Company organized two wholly-owned subsidiaries, Startcomm-Brazil, Ltd. and Startcomm-Argentina, S.A., under the laws of each country, for the purpose of becoming reporting entities to the local taxing authorities, and conducting regular operating activities.

KEY MANAGEMENT PERSONNEL

Carlos Bertonatti – Chairman of the Board

Mr. Bertonatti, co-founder of Startcomm Corp., is a licensed attorney in Venezuela. As an attorney, he represented several German telecom companies providing legal strategies for the Latin America telecommunication industry. Having almost two decades of experience in the industry, Mr. Bertonatti is an acknowledged legal authority in the industry. Capitalizing on his knowledge, Mr. Bertonatti founded a successful business that has the exclusive right of a U.S. Fortune 500 company for the import and distribution of cellular telephones in Argentina. In addition, he is a director and stockholder of several other businesses.

Gabriel Tarrau – President/CEO

Mr. Tarrau is a co-founder and President of Startcomm Corp. With fifteen years business experience in mobile telecommunication, Mr. Tarrau has personally developed a chain of cellular stores and distribution throughout Venezuela. In 1994, in association with Mr. Carlos Bertonatti, he began representing a leading U.S. Fortune 500 company for the exclusive import and distribution of cellular telephones to Argentina, becoming leading distributors in the market. In addition, Mr. Tarrau is responsible for the start-up of several successful businesses.

Osvaldo Pirex – Executive Vice President

Mr. Pirex has been the Executive Vice President of the Company since late 1997. He developed a successful telecommunication company in Sao Paulo, Brazil. Mr. Pirex brings three decades of substantial experience in the telecom industry, and excellent relationships with top executives from leading telecom Fortune 500 companies. He is considered an expert in the field of international communication and local telephone networks. Mr. Pirex is responsible for continuing developing facilities-based POPs in Latin America.

Miguel Tarrau – Vice President of Operations

Mr. Tarrau, the brother of Mr. Gabriel Tarrau, has been the Vice President of Operations of the Company since late 1997. He received a Bachelor of Science degree in Civil and Construction Engineering from Florida International University. Mr. Tarrau began his career, and ultimately became Chief Engineer and Project Manager of a Florida statewide general contractor group. In 1995, he joined a telecommunication company based in Venezuela providing several telecom products to the end user, thereby becoming knowledgeable of the industry. Mr. Tarrau joined Startcomm in charge of the development and the deployment of the facilities-based infrastructure switch sites, and to implement this state-of-the-art technology.

MARKET ANALYSIS AND STRATEGY

MARKET DESCRIPTION

The Company plans to conduct its activities by using a centralized facility in Miami, Florida. The geographic area will include Facilities-based POPs in: Miami, Florida; Sao Paulo and Rio de Janeiro, Brazil; Buenos Aires, Argentina; and Caracas, Venezuela. The countries make up a large and economically healthy area. The International Consolidated Traffic Data (ICTD) 1996 census, indicated these countries had over 748 million long-distance minutes and revenues of \$396 million, representing 47% and 29%, respectively, of all facilities-based services from the U.S. to South America.

Due to the diverse economic base, the economic climate of the industry has been consistently strong and less affected by downturns in the national economy of each country. The economic base continues to expand rapidly as deregulation and privatization policies influence the telecommunication industry.

TARGET CUSTOMERS

The customers that the Company plans to target for its services have these characteristics:

- Large U.S. based carriers.
- Primary buyers of wholesale voice services for their network.
- Large foreign carriers with switching capabilities in the U.S.
- Financially qualified with low credit risk.

MARKETING METHODS

Several marketing vehicles will be utilized to contact and motive customers. Listed below are several methods that the Company will be using in implementing its marketing strategy.

<u>Vehicle</u>	<u>Specifics</u>
Marketing Alliance	Marketing and sales alliance agreement with Telecom South America (TSA). TSA which has a strong relationship with major carriers, will be responsible for developing a comprehensive marketing and sales program for the Company's target market segments under the fictitious name of Startcomm/Telecom South America. The alliance agreement is to become a primary distributor committed to selling Startcomm's full circuit capacity.

Yellow Pages	One ¼ page advertisement under the heading "Facilities-Based Carrier" in both English and Spanish
Industry Publications	Advertising in major trade magazines
Direct Mail	Letters of introduction and awareness aimed at top executives of Large Carriers both U.S. based and foreign
Brochures	High quality presentation folders and brochures detailing the Company's services
Exposures	Participation in industry trade shows and conferences worldwide

COMPETITION

The alternate access carrier business is very competitive. Reviewing the 1996 FCC Section 43.61 ICTD statistics for facilities-based wholesalers, there are more than 350 domestic carriers with 19.2 billion minutes of international traffic growing 12% annually; and, foreign wholesalers, more than 25 Latin American carriers with 5.7 billion minutes, surging 30% annually.

Several facilities-based carriers use T1 and E1 fiber-optic circuits and are considered to be in direct competition with Startcomm. Most of the competing companies are under-capitalized and lack the management expertise to operate an alternate access business effectively. Many operate out of office buildings and locations lacking the security and power backup facilities necessary for emergencies. From a technological viewpoint, most of the companies do not operate their facilities-based utilizing state-of-the-art system. Many of these suppliers are "switchless" and using "satellite only" facilities, producing very low quality signals and are not able to deliver the large volume required by major carriers.

Barriers to Entry

Identifying opportunities in the Latin American market is fairly easy. Actually implementing a plan to take advantage of them is much more difficult. Barriers to entry ranging from government bureaucracy to economic elitism stand in the way. Thus, knowing the culture of a country and the right people becomes very important. That is why Startcomm identifies the right partner at each country that opens a POP, and its management team become knowledgeable of the laws, culture and customs.

It is now relatively difficult for new competitors to enter the U.S. and Latin America market. Substantial start-up costs are involved due to the degree of technology needed and the infrastructure required to provide the services. In addition, the cost and other requirements to become approved by the Federal Communications Commission, and especially in foreign governments, are extensive.

LONG-TERM BUSINESS OPPORTUNITIES

Market liberalization is now well and truly on its way, which present challenges and opportunities for incumbent telecoms carriers and new small carriers. Competition stimulates growth. New operators, with flexibility, more innovating and responsive to customers needs, who succeed in winning a share of the increasingly telecoms market, the rewards promise to be great. Latin America is and will be a dynamic place for U.S. carriers to invest time, energy and money.

With a company so well balanced with management talent, marketing expertise and advanced technology, several significant opportunities for expansion become clearly evident. Set forth below are those opportunities for which the Company will be well positioned to pursue.

POINT-OF-PRESENCE EXPANSION PROGRAM

The Company plans to continue its aggressive point-of-presence expansion program as new deregulation opportunities emerge in Latin America. The Company believes that opportunities will continue to increase as it expands the geographic scope of its operations.

The Company has as its immediate market target to open POPs in the Dominican Republic having 416 million minutes of voice traffic, Mexico having 2.4 billion, Colombia with 285 million, Ecuador having 157 million and Peru with 144 million. Although not part of the enclosed financial projection, management anticipates commencing operation for some POPs by the end of year 2000.

FUTURE SERVICES

Other services in the telecom industry are experiencing the same rapid growth. The Company believes it can successfully compete and grow in those areas as expands the geographic scope of its operations.

Startcomm is planning to attract business from U.S. based multinationals companies that are active in the Latin America region to offer the following services:

- Data Frame Relay
- International Private Links
- Internet Network Access Points
- Internet Services
- Videoconference Service
- ATM Technology
- 1-800 Numbers in the U.S.A.
- International Telemarketing

The future looks very bright indeed for the global telecom industry. The Company will continue performing market research, locating and negotiating profitable markets, and utilizing existing facilities to build and establish operations worldwide.

FINANCIAL STATEMENTS

STARTCOMM CORP.

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 1998 THROUGH 2002 (Projected)
AND
DECEMBER 31, 1997 (Historical)**

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RONALDO R. FIGUEROA, P.A.
Certified Public Accountant

Member:
*American And Florida Institutes
Of Certified Public Accountants*

To the Board of Directors
Startcomm Corp.
Miami, Florida

I have compiled the accompanying projected consolidated balance sheets, statements of operations and retained earnings, and cash flows of Startcomm Corp., and subsidiaries as of December 31, 1998 through 2002 and for the years then ending, in accordance with standards established by the American Institute of Certified Public Accountants.

The accompanying projection and this report were prepared for the purpose of inclusion in the Company's business plan and should not be used for any other purpose.

A compilation is limited to presenting in the form of a projection information that is the representation of management and does not include evaluation of the support for the assumptions underlying the projection. I have not audited the projection and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. Furthermore, there will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. I have no responsibility to update this report for events and circumstances occurring after the date of this report.

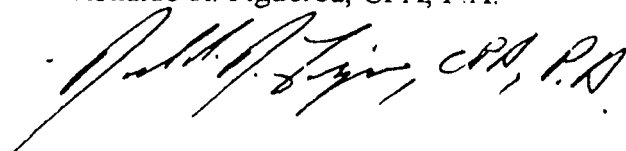
I have also compiled the accompanying historical balance sheets of Startcomm Corp. as of December 31, 1997, and the related statements of operations and retained earnings, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Such a compilation is limited to presenting in the form of historical financial statements information that is the representation of management. I have not audited or reviewed the accompanying historical financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

For the historical financial statements, management elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the historical financial statements, they might influence the user's conclusion about the Company's financial position, results of operation, and cash flows. Accordingly, these historical financial statements are not designed for those who are not informed about such matters.

October 21, 1998
July 31, 1998

Ronaldo R. Figueroa, CPA, P.A.



STARTCOMM CORP.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 1998 THROUGH 2002 (Projected),
AND 1997 (Historical)
(See Accountant's Compilation Report)

(In Thousands)

	<u>2002</u>	<u>2001</u>	<u>Projected</u>			<u>Historical</u>
			<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
<u>ASSETS</u>						
CURRENT ASSETS						
Cash and cash equivalents	\$ 66,729	\$ 47,924	\$ 31,128	\$ 14,768	\$ 495	\$ 25
Accounts receivable	14,002	12,800	11,814	9,246	488	45
Deferred Expenses	-	-	-	-	960	-
TOTAL CURRENT ASSETS	80,731	60,724	42,942	24,014	1,943	70
PROPERTY AND EQUIPMENT	3,471	4,258	5,046	5,833	4,647	127
OTHER ASSETS	218	218	218	218	206	68
TOTAL ASSETS	<u>84,420</u>	<u>65,200</u>	<u>48,206</u>	<u>30,065</u>	<u>6,796</u>	<u>265</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>						
CURRENT LIABILITIES						
Current portion of long term notes	155	137	1,140	1,112	1,000	-
Accounts payable	4,280	4,017	3,837	4,158	588	32
Other payables and accrued liabilities	<u>11,865</u>	<u>11,246</u>	<u>10,806</u>	<u>8,064</u>	-	-
TOTAL CURRENT LIABILITIES	16,300	15,400	15,783	13,334	1,588	32
NOTES PAYABLE, Less current portion	<u>304</u>	<u>459</u>	<u>596</u>	<u>1,736</u>	<u>2,848</u>	-
	<u>16,604</u>	<u>15,859</u>	<u>16,379</u>	<u>15,070</u>	<u>4,436</u>	<u>32</u>
STOCKHOLDERS' EQUITY						
Common stock, 1,000 shares of \$1 par value authorized, issued and outstanding	2,775	2,775	2,775	2,775	2,775	567
Retained earnings (deficit)	<u>65,041</u>	<u>46,566</u>	<u>29,052</u>	<u>12,220</u>	<u>(415)</u>	<u>(330)</u>
TOTAL STOCKHOLDERS' EQUITY	<u>67,816</u>	<u>49,341</u>	<u>31,827</u>	<u>14,995</u>	<u>2,360</u>	<u>233</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 84,420</u>	<u>\$ 65,200</u>	<u>\$ 48,206</u>	<u>\$ 30,065</u>	<u>\$ 6,796</u>	<u>\$ 265</u>

STARTCOMM CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
AND RETAINED EARNINGS
YEARS ENDING DECEMBER 31, 1998 THROUGH 2002 (Projected)
AND YEAR ENDED 1997 (Historical)
(See Accountant's Compilation Report)

(In Thousands)

	Projected					Historical
	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
REVENUES FROM OPERATIONS	\$ 49,534	\$ 47,078	\$ 45,408	\$ 36,984	\$ 1,950	\$ 139
COST OF REVENUES	<u>12,775</u>	<u>12,137</u>	<u>11,704</u>	<u>9,939</u>	<u>1,392</u>	<u>127</u>
GROSS PROFITS	<u>36,759</u>	<u>34,941</u>	<u>33,704</u>	<u>27,045</u>	<u>558</u>	<u>12</u>
OPERATING EXPENSES						
General and administrative expenses	5,566	5,258	5,018	5,235	393	318
Depreciation	787	787	787	738	185	21
Interest	<u>66</u>	<u>136</u>	<u>261</u>	<u>373</u>	<u>65</u>	<u>-</u>
TOTAL OPERATING EXPENSES	<u>6,419</u>	<u>6,181</u>	<u>6,066</u>	<u>6,346</u>	<u>643</u>	<u>339</u>
INCOME (LOSS) BEFORE INCOME TAXES	30,340	28,760	27,638	20,699	(85)	(327)
INCOME TAXES	<u>11,865</u>	<u>11,246</u>	<u>10,806</u>	<u>8,064</u>	<u>-</u>	<u>-</u>
NET INCOME (LOSS)	18,475	17,514	16,832	12,635	(85)	(327)
BEGINNING RETAINED EARNINGS	<u>46,566</u>	<u>29,052</u>	<u>12,220</u>	<u>(415)</u>	<u>(330)</u>	<u>(3)</u>
ENDING RETAINED EARNINGS	\$ <u>65,041</u>	\$ <u>46,566</u>	\$ <u>29,052</u>	\$ <u>12,220</u>	\$ <u>(415)</u>	\$ <u>(330)</u>

STARTCOMM CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDING DECEMBER 31, 1998 THROUGH 2002 (Projected)
AND YEAR ENDED 1997 (Historical)
(See Accountant's Compilation Report)

(In Thousands)

	Projected					Historical
	2002	2001	2000	1999	1998	1997
CASH FLOW FROM OPERATING ACTIVITIES						
Net income (loss)	\$ 18,475	\$ 17,514	\$ 16,832	\$ 12,635	\$ (85)	\$ (327)
Adjustments to reconcile net income (loss) to cash from operating activities:						
Depreciation	787	787	787	738	185	21
Changes in assets and liabilities:						
Accounts receivable	(1,202)	(986)	(2,568)	(8,758)	(443)	(45)
Deferred Expenses	-	-	-	960	(960)	
Accounts payables and accrued Liabilities	<u>882</u>	<u>621</u>	<u>2,421</u>	<u>11,634</u>	<u>556</u>	<u>32</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>18,942</u>	<u>17,936</u>	<u>17,472</u>	<u>17,209</u>	<u>(747)</u>	<u>(319)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of property and equipment	-	-	-	(1,924)	(4,706)	(148)
Other assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12)</u>	<u>(138)</u>	<u>(54)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,936)</u>	<u>(4,844)</u>	<u>(202)</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from bank notes			-	-	3,949	-
Issuance of common stocks			-	-	2,212	543
Repayment of notes	<u>(137)</u>	<u>(1,140)</u>	<u>(1,112)</u>	<u>(1,000)</u>	<u>(100)</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(137)</u>	<u>(1,140)</u>	<u>(1,112)</u>	<u>(1,000)</u>	<u>6,061</u>	<u>543</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	18,805	16,796	16,360	14,273	470	22
BEGINNING CASH AND CASH EQUIVALENTS	<u>47,924</u>	<u>31,128</u>	<u>14,768</u>	<u>495</u>	<u>25</u>	<u>3</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 66,729</u>	<u>\$ 47,924</u>	<u>\$ 31,128</u>	<u>\$ 14,768</u>	<u>\$ 495</u>	<u>\$ 25</u>

STARTCOMM CORP.
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND PROJECTION ASSUMPTIONS
DECEMBER 31, 1998 THROUGH 2002 (Projected),
AND 1997 (Historical)
(See Accountant's Compilation Report)

A. SIGNIFICANT ACCOUNTING POLICIES

BUSINESS

The company was incorporated in 1996 under laws of the State of Florida for the purpose of selling long distance services to Latin America. Startcomm Corp. and its subsidiaries (Startcomm-Brazil Ltd. and Inversiones Kamida, S.A., incorporated in 1998) continue to develop their "Alternate Access Carrier" division to provide wholesale voice transport and termination services. These services will be provided to large U.S. based long distance carriers, and to large international carriers with switching capabilities in the United States.

In July 31, 1998, the Company was approved by the Federal Communications Commission, under Section 214 of the Communication Act of 1934, as amended, and Section 63.8 of the FCC's rules to operate as a "Global Facilities-based" and for the "Global Resale of Telecommunication Services". The Company, through its subsidiaries, has established a infrastructure for its termination services, "Point-Of-Present" (POP), in each of its strategic cities. Additionally, the Company has entered into contractual agreements with U.S. and international carriers to provide termination services.

The Company is planning to enter into a marketing and sales alliance agreement with Telecom South America (TSA). TSA will be responsible for developing a comprehensive marketing and sales program for The Company's target market segments under the fictitious name of Startcomm/Telecom South America.

BASIS OF ACCOUNTING

Assets and liabilities are recorded, and revenues and expenses are recognized, on the accrual basis of accounting.

CASH AND CASH EQUIVALENTS

The Company maintains its cash in one financial institution. The balance is insured by the Federal Deposit Insurance Corporation, up to \$100,000.

The Company's policy will be to invest cash in excess of operating requirements in income producing investments.

TRADE ACCOUNTS RECEIVABLE

The company uses the percentage of sales method for recording uncollectable and doubtful accounts.

PROPERTY AND EQUIPMENT

Property and equipment additions are stated at cost. Depreciation is computed using the straight-line method over useful lives ranging from 39 years for real estate property and 3 to 7 years for other property and equipment.

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 at the date of the financial statements and revenues and expenses during the period reported. Actual results would differ from those estimates.

B. PROJECTION ASSUMPTIONS

NATURE OF PROJECTIONS

These financial projections are based on Startcomm Corp. (the "Company") finalizing its "Alternate Access Carrier" division, and obtaining net proceeds in the amount of \$3,000,000 in 1998 from a bank loan, and presents, to the best of management's knowledge and belief, the Company's expected financial position, results of operations, and cash flows for the projection periods. Accordingly, these projections reflect management's judgment as of December 31, 1998 through 2002, the dates of these projections, of the expected conditions and its expected course of action. These presentation are for the purpose of obtaining financing for the Company which are projected to be used in its plan of operations, and should not be considered to be a presentation of expected future results. Accordingly, these projections may not be useful for other purposes. The assumptions disclosed herein are those that management believes are significant to the projections. Further, even if the financing is obtained, there will usually be differences between the projections and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

BUSINESS OPERATIONS

In November 1998, the Company plans to commence its "Alternate Access Carrier" service division with \$2,774,654 from the net proceeds of the issuance of common stocks, \$3,000,000 from a bank note, and accounts payable to equipment suppliers.

The division will operate a telecommunication network based on point to point dedicated voice/fax/data circuits, transmitting value added long distance traffic from the United States to Latin America public switch telephone network. Initially, the Company will build five point-of-presence (POP) facilities dedicated point to point fiber optic circuits from Miami to Sao Paulo, Brazil and Buenos Aires, Argentina during 1998, and Rio de Janeiro, Brazil and Caracas, Venezuela in 1999. Each POP has the capacity to manage 6,000,000 long distance minutes per month, including 2,000,000 minutes during off-peak hours.

The Company has entered into contractual agreements with various larger carriers to provide long distance fiber optic link termination services. On the average, the contracts are for five years, with minimum purchase requirements at a fixed rate.

The Company will conduct its activities by using a centralized facility in Miami, Florida and through its subsidiaries at each country where POP is located. In 1998, the Company organized Startcomm-Brazil, Ltd. and Inversiones Kamida, S.A. under the laws of each country for the purpose of becoming reporting entities to the local taxing authorities, and conducting regular operating activities. All revenues will be generated in the United States, and all related operating expenses of each subsidiary will be subsidized by the Company.

The alternate access carrier division will begin operations in a 2,066 square foot facility at the high profile New World Tower office building, located in the heart of downtown Miami, Florida, and have signed lease agreements for its facilities in Sao Paulo and Buenos Aires. Utilizing \$600,000 of the proceeds from the issuance of common stocks, and flexible credit terms from vendors, the Company has purchased \$3,369,428 in telecommunication equipment. The remainder of the required funds to complete its operation for 1998 is projected to be deriving from the issuance of common stocks and sales of \$1,950,000, and a bank loan of \$3,000,000 to fulfil its financial obligations with the equipment suppliers. The Company project to spend \$300,000 in leasehold improvements and \$1,729,000 in general expenses and startup costs by the end of the fourth quarter of 1998. For 1998, the Company projects to have a total cash disbursement of \$5,537,568 including repayment of \$100,367 of the bank notes.

The Company plans to build two point-of-presence per year from funds generated by its operations. It is estimated that each POP will have a cost of \$870,000 in telecommunication equipment and \$350,000 in leasehold improvements and other equipment. The central facility has to invest \$286,000 in additional telecommunication equipment for each new POP. Additional POPs were not included as part of these projections for years after 1999.

The Company plans to continue its aggressive point-of-presence expansion program in Latin America. The Company believes that opportunities will continue to increase as it expands the geographic scope of its operations and the products and services it offers, and management continue market research, locating and negotiating profitable markets to establish operations worldwide.

TRADE ACCOUNTS RECEIVABLE

For the projection periods, allowance for doubtful accounts were not recorded. The collection terms applied to the sales of long distance services to large carriers for the projection periods are as follows:

1 - 30 days	75%
31 - 60 days	20%
61 - 90 days and over	5%

DEFERRED EXPENSES

Deferred expenses consist of startup costs projected at 35% of costs, general and administrative expenses amortized over 12 months.

PROPERTY AND EQUIPMENT

Property and equipment for the projection periods are as follows:

	Estimated Useful lives (Years)	Projected					Historical
		2002	2001	2000	1999	1998	1997
Furniture and equipment	7	\$ 5,198	\$ 5,198	\$ 5,198	\$ 5,198	\$ 3,499	\$ 148
Building	39	1,054	1,054	1,054	1,054	1,054	-
Leasehold improvements	10	<u>525</u>	<u>525</u>	<u>525</u>	<u>525</u>	<u>300</u>	-
		6,777	6,777	6,777	6,777	4,853	148
Less accumulated Depreciation		<u>3,306</u>	<u>2,519</u>	<u>1,731</u>	<u>944</u>	<u>206</u>	<u>21</u>
		\$ <u>3,471</u>	\$ <u>4,258</u>	\$ <u>5,046</u>	\$ <u>5,833</u>	\$ <u>4,647</u>	\$ <u>127</u>

ACCOUNTS PAYABLE AND ACCRUALS

Accounts payable

The payment terms applied on purchases for the projected periods are as follows:

0-30 days	75%
31-60 days	24%
60 days and over	1%

Other Payables

Other payables represents amounts due to suppliers for telecommunication equipment purchased on 90, 120, and 180 days credit term. Vendors require a 25% payment at time of purchase. Equipment is expected to be delivered and installed within 90 days from invoice date.

Accruals

The Company accrues income tax expense in the year incurred and does not record tax benefits arising from operating losses.

NOTES PAYABLE

Note Payable – Bank Loan

Note payable to a bank, projected to be incurred under a \$3,000,000 loan, for a term of 36 months. The note is expected to bear interest at 10.5%. The indebtedness is to be secured by the Company's telecommunication equipment.

Note Payable – Building

Note payable to a private entity, is a promissory note of \$948,522, secured by the Company's office building in Rio de Janeiro, Brazil, dated June 24, 1998. Payments of principal and interest consist of 84 equal monthly payments of \$16,911. The fixed interest rate on the note is 12.33%.

REVENUES

Revenue from the wholesale of voice transport to the destined point-of-presence, through the Company's access carrier division operations, are based on prices ranging from \$.19 to \$.28 cents per minute of voice traffic. The number of minutes sold is projected to be 5,000,000 in 1998 and 112,800,000, and 153,600,000 minutes through year 2002, respectively. Although each POP is capable of trafficking 72,000,000 minutes per year, management has projected 60% to 80% of the equipment capacity through 2002.

The Company has signed seven contracts, and two pending to be executed, with A and AA rated long distance carriers, to provide "Fiber Optic Link Termination Services" in three countries of South America. On the average, the contracts represent to the Company \$9,500,000 in revenues per year through 2002.

COST OF REVENUES

International Link

International links represent the fixed monthly lease contracts of fiber-optic worldband network from AT&T and POP local telephone companies. These lease contracts ranges from 3 to 5 years. The lease rates range from \$492,000 to \$660,000 per year from Miami to South America.

Local Lines

Local lines are the fixed cost of communication services provided by the POP local telephone companies plus pulse charges raging from \$.03 to \$.05 per minutes. The cost of local lines is based on the number of E1 lines per POP. On the average, each POP has 10 E1 lines and the cost ranges from \$336,000 to \$480,000 per year.

OPERATING EXPENSES

Commissions

Sales commissions are based on \$.015 per minutes sold.

Salaries and wages

Officer salaries:

The Company has 3 senior officers who are each projected to be paid \$150,000 annually, commencing January 1999.

Centralized facility:

In 1998, the Company projects to operate its centralized facility with 2 managers at combined salaries of \$120,000 per year, 3 office personnel responsible for billing, customer service and administrative duties who will have total salaries of \$81,600 per year, 2 engineers at \$48,000 each per year, and 3 technicians at an annual salary of \$36,000 each. Annual increases of 5% are projected.

POP facilities:

The Company plans to employ at each POP facility: 1 engineer at a salary of \$48,000 per year, 2 technicians at \$36,000 each per year, and 1 office manager who will be paid \$48,000 per year. Annual increases of 5% are projected

STARTCOMM CORP.
CONSOLIDATED GENERAL
AND ADMINISTRATIVE EXPENSES
YEARS ENDING DECEMBER 31, 1998 THROUGH 2002 (Projected)
AND YEAR ENDED 1997 (Historical)
(See Accountant's Compilation Report)

(In Thousands)

	Projected					Historical
	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
GENERAL AND ADMINISTRATIVE EXPENSES:						
Commissions	\$ 2,588	\$ 2,419	\$ 2,304	\$ 1,692	\$ 75	\$ -
Salaries and wages	1,791	1,727	1,667	1,609	443	108
Payroll taxes	283	273	263	254	70	5
Rent	187	168	172	165	117	70
Travel and entertainment	166	151	135	125	30	1
Insurance	91	86	83	74	15	3
Professional services	76	73	70	65	49	49
Telephone	50	45	41	37	19	49
Utilities	43	39	36	32	6	-
Property taxes	30	30	30	26	19	2
Other	<u>261</u>	<u>247</u>	<u>217</u>	<u>1,156</u>	<u>(450)</u>	<u>30</u>
	<u>\$ 5,566</u>	<u>\$ 5,258</u>	<u>\$ 5,018</u>	<u>\$ 5,235</u>	<u>\$ 393</u>	<u>\$ 318</u>



CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1998

ACCOUNTING OFFICE OF
RONALDO R. FIGUEROA, P.A.
CERTIFIED PUBLIC ACCOUNTANT
MIAMI, FLORIDA

Accounting Office Of
RONALDO R. FIGUEROA, P.A.
Certified Public Accountant

Member:
American And Florida Institutes
Of Certified Public Accountants

To the Board of Directors
Startcomm Corp. and Subsidiaries
Miami, Florida

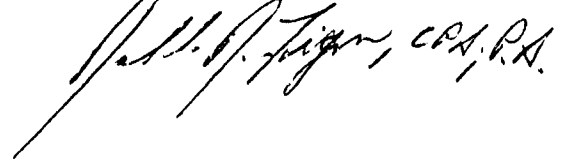
I have reviewed the accompanying balance sheet of Startcomm Corp. and Subsidiaries as of December 31, 1998 and the related statements of operations, stockholders' equity, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Startcomm Corp. and its Subsidiaries.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

March 24, 1999

Ronaldo R. Figueroa, CPA, P.A.



The kendar Building, 1550 Madruga Avenue, Suite 240 Coral Gables, Florida 33145
Tel. (305) 662-7313 Fax (305) 662-7314

STARTCOMM CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 1998

ASSETS

CURRENT ASSETS	
Cash	\$ 97,032
Other receivables	185,175
TOTAL CURRENT ASSETS	282,507
PROPERTY AND EQUIPMENT	4,015,800
OTHER ASSETS	23,505
TOTAL ASSETS	\$ 4,320,812

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES	
Payable to equipment supplier	\$ 2,134,130
Current portion of mortgage payable	198,245
Other payables and accrued liabilities	205,156
Deposits from customers	129,973
TOTAL CURRENT LIABILITIES	2,667,504
MORTGAGE PAYABLE, Less current portion	698,533
LOAN PAYABLE, Related party	581,900
TOTAL LIABILITIES	3,947,937
STOCKHOLDERS' EQUITY	
Common stock, 5,000 shares of \$1 par value authorized, issued and outstanding	5,000
Additional paid in capital	2,329,193
Foreign currency translation adjustment	(99,053)
Accumulated deficit	(1,862,255)
TOTAL STOCKHOLDERS' EQUITY	332,875
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 4,320,812

See accompanying notes to consolidated financial statements and accountant's review report.

STARTCOMM CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
DECEMBER 31, 1998

REVENUES FROM OPERATIONS	\$ 592,229
DIRECT COSTS	<u>429,208</u>
GROSS PROFIT	<u>163,021</u>
OPERATING EXPENSES	
General and administrative expenses	1,378,798
Depreciation	262,951
Interest	<u>57,066</u>
TOTAL OPERATING EXPENSES	<u>1,697,915</u>
NET LOSS	(1,534,894)
FOREIGN CURRENCY TRANSLATION ADJUSTMENT	<u>(99,053)</u>
COMPREHENSIVE LOSS	<u>\$ (1,633,947)</u>

See accompanying notes to consolidated financial statements and accountant's review report.

STARTCOMM CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENT STOCKHOLDERS' EQUITY
DECEMBER 31, 1998

	Common Stock Shares	Amount	Additional Paid-in Capital	Accumulated Adjustment	Deficit	Total Stockholders' Equity
Balance at January 1, 1998	1,000	\$ 1,000	\$ 562,654	\$ -	\$ (327,361)	\$ 236,293
Issuance of common stock	4,000	4,000	1,766,529	-	-	1,770,529
Foreign currency translation adjustment	-	-	-	(99,053)	-	(99,053)
Net loss	-	-	-	-	(1,534,894)	(1,534,894)
Balance at December 31, 1998	<u>5,000</u>	<u>\$ 5,000</u>	<u>\$ 2,329,183</u>	<u>\$ (99,053)</u>	<u>\$ (1,862,255)</u>	<u>\$ 372,875</u>

See accompanying notes to consolidated financial statements and accountant's review report.

STARTCOMM CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
DECEMBER 31, 1998

CASH FLOW FROM OPERATING ACTIVITIES	
Net loss	\$ (1,534,894)
Adjustments to reconcile net loss to cash used in operating activities:	
Depreciation	262,051
Changes in assets and liabilities:	
Accounts receivable	(52,130)
Other payables and accrued liabilities	160,012
Deposits from customers	<u>129,973</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(1,034,988)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(4,116,893)
Other assets	<u>31,597</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(4,085,296)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Payable to equipment supplier	2,134,130
Net proceed from real estate mortgage	896,778
Loan from related party	471,393
Issuance of common stock	1,770,529
Foreign currency translation	<u>(99,053)</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>5,173,777</u>
NET INCREASE IN CASH	53,493
CASH AT BEGINNING OF YEAR	<u>43,539</u>
CASH AT END OF YEAR	\$ <u>97,032</u>
SUPPLEMENTAL DISCLOSURE	
Operating activities reflect interest:	
Paid	\$ 31,393
Accrued	<u>23,673</u>
	\$ <u>57,066</u>

See accompanying notes to consolidated financial statements and accountant's review report.

STARTCOMM CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENT
DECEMBER 31, 1998

A. BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

BUSINESS

The Company was incorporated in 1996, under the laws of the State of Florida, for the purpose of selling long distance services to Latin America.

Prior to 1998, the Company was in the development stage.

During 1998, the Company organized two wholly-owned subsidiaries in South America, for the purpose of conducting operating activities. Startcomm Corp. and its subsidiaries continue to develop their "Alternate Access Carrier" division to provide wholesale voice transport and termination services. In July 1998, the Company was approved by the Federal Communications Commission to operate as a "Facilities-based and Resale Carrier" of telecommunication services.

BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

TRANSLATION OF FOREIGN CURRENCIES

Current monetary assets and liabilities denominated in foreign currencies are translated to U.S. dollars at the exchange rate prevailing at the balance sheet date.

Long-term monetary assets and liabilities denominated in foreign currencies are translated at the historical rates, and capital accounts are translated at the historical rate on the various dates of the Company's investments.

The average rate for the year ended is used to translate all income and expenses in the statement of operations.

CASH

The Company maintains its cash, for the United States operations, in two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets. The Company reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

INCOME TAXES

At December 31, 1998 the Company has available unused operating loss carry-forwards, in the amount of approximately \$1,800,000, which may be applied against future taxable income through the year 2013. The related tax asset has not been recognized due to the uncertainty of the timing of its recognition.

STARTCOMM CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1998
(Continued)

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

COMPREHENSIVE INCOME (LOSS)

In 1998, the Company adopted SFAS No. 130, Reporting Comprehensive Income. Comprehensive loss consists of net loss and foreign currency translation adjustment. The adoption of SFAS No. 130 had no impact on the Company's financial position or results of operations.

B. PROPERTY AND EQUIPMENT

	Estimated Useful Lives (Years)	
Operating equipment	5-7	\$ 2,974,709
Building	30	1,033,715
Leaschold improvements	10	<u>294,361</u>
		4,302,785
Less accumulated depreciation		<u>286,985</u>
		<u>\$ 4,015,800</u>

C. PAYABLES TO EQUIPMENT SUPPLIER

Payables to equipment supplier represent amounts due for telecommunication equipment purchased from one vendor on 60, 90, and 120 days payment terms. First payment is due sixty days after issuance of certificate of completion by supplier. As of March 24, 1999, the supplier had not yet issued the certificate.

D. DEPOSITS FROM CUSTOMERS

Deposits from customers are guarantees deposits for certain termination agreements explained in note G.

E. MORTGAGE PAYABLE

Mortgage payable to a private entity, is collateralized by the Company's office building in Rio de Janeiro, Brazil. Payments of principal and interest consist of 84 monthly payments of \$11,272 and seven annual principal payments of \$62,981. The interest rate is 12.82%.

F. LOAN PAYABLE, Related Party

Unsecured loan payable to related party in The Republic of Argentina. The loan, was incurred under an unspecified repayment terms accruing interest at 20%. Interest accrued in 1998 amounted to \$21,239.

SUPPLEMENTAL INFORMATION

STARTCOMM CORP. AND SUBSIDIARIES
CONSOLIDATED GENERAL AND ADMINISTRATIVE EXPENSES
DECEMBER 31, 1998

GENERAL AND ADMINISTRATIVE
EXPENSES:

Salaries, wages, and payroll taxes	\$ 469,392
Rent	255,204
Professional services	222,717
Travel and entertainment	55,653
Telephone	43,677
Utilities	39,959
Insurance	35,507
Vehicles and parking	20,930
Bad debt	16,436
Other	<u>219,323</u>
	\$ 1,378,798

See accompanying notes to consolidated financial statements and accountant's review report.



(A Development Stage Company)

**REPORT ON COMPILATION OF FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 1997 AND 1996

ACCOUNTING OFFICE OF
FIGUEROA & GARCIA, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
MIAMI, FLORIDA

STARTCOMM CORPORATION
(A Development Stage Company)

**REPORT ON COMPILATION OF FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 1997 AND 1996

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SUPPLEMENTAL INFORMATION	
Schedule Of General And Administrative Expenses.....	5

FIGUEROA & GARCIA, P.A.

Certified Public Accountants
A Firm Of Professional Associations

Ronaldo R. Figueroa, C.P.A., P.A.

Paul A. Garcia, C.P.A., P.A.

Members:
American and Florida Institutes
Of Certified Public Accountants

**To the Stockholders
Startcomm Corporation**

We have compiled the accompanying balance sheet of Startcomm Corporation (a development stage company) as of December 31, 1997 and 1996, and the related statements of operations and accumulated deficit, and cash flows for the year then ended and for the period from November 26, 1996 (date of inception), to December 31, 1996, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusion about the Company's financial position, results of operation, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Ronaldo R. Figueroa, CPA, P.A.


For The Firm.

March 23, 1998
Miami, Florida

STARTCOMM CORPORATION
(A Development Stage Company)
BALANCE SHEET
DECEMBER 31, 1997 AND 1996

ASSETS

	<u>1997</u>	<u>1996</u>
CURRENT ASSETS		
Cash	\$ 24,952	\$ 3,176
Accounts Receivable	45,286	-
Other Receivables	<u>14,057</u>	<u>-</u>
TOTAL CURRENT ASSETS	84,295	3,176
FURNITURE & EQUIPMENT, Net of accumulated depreciation of \$21,149 for 1997	126,893	-
OTHER ASSETS	<u>54,102</u>	<u>14,102</u>
	\$ 265,290	\$ 17,278
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

ACCOUNTS PAYABLE AND ACCRUALS	\$ <u>31,963</u>	\$ <u>-</u>
STOCKHOLDERS' EQUITY		
Common Stock, \$1.00 Par Value; Authorized 1,000 Shares; 1,000 Shares Issued And Outstanding	1,000	1,000
Additional Paid In Capital	562,654	19,253
Deficit Accumulated During The Development Stage	<u>(330,327)</u>	<u>(2,975)</u>
TOTAL STOCKHOLDERS' EQUITY	<u>233,327</u>	<u>17,278</u>
	\$ 265,290	\$ 17,278
	=====	=====

(See Accountant's Compilation Report)

STARTCOMM CORPORATION
 (A Development Stage Company)
STATEMENT OF OPERATION AND ACCUMULATED DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 1997, AND THE PERIOD
NOVEMBER 26, 1996 (Date of inception), TO DECEMBER 31, 1996

	<u>1997</u>	<u>1996</u>
NET SALES	\$ 138,890	\$ -
COST OF SALES	<u>126,878</u>	<u>-</u>
GROSS PROFIT	<u>12,012</u>	<u>-</u>
GENERAL AND ADMINISTRATIVE EXPENSES (see schedule on page 5)	318,215	2,975
DEPRECIATION	<u>21,149</u>	<u>-</u>
	<u>339,364</u>	<u>2,975</u>
NET LOSS	(327,352)	(2,975)
ACCUMULATED DEFICIT, Beginning	<u>(2,975)</u>	<u>-</u>
ACCUMULATED DEFICIT, Ending	\$ <u>(330,327)</u>	\$ <u>(2,975)</u>

(See Accountant's Compilation Report)

STARTCOMM CORPORATION
(A Development Stage Company)
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 1997, AND THE PERIOD
NOVEMBER 26, 1996 (Date of inception), TO DECEMBER 31, 1996

	<u>1997</u>	<u>1996</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	\$ (327,352)	\$ (2,975)
Adjustment to reconcile net income to cash (used in) operations		
Depreciation and Amortization	21,149	-
(Increase) Decrease in Accounts Receivable	(45,286)	-
(Increase) Decrease in Other Receivables	(14,057)	-
Increase (Decrease) in Accounts Payable and Accrued Expenses	<u>31,963</u>	<u>-</u>
NET CASH (USED IN) OPERATING ACTIVITIES	<u>(333,583)</u>	<u>(2,975)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(148,042)	-
Deposits	<u>(40,000)</u>	<u>(14,102)</u>
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(188,042)</u>	<u>(14,102)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital Contributions	<u>543,401</u>	<u>20,253</u>
NET INCREASE (DECREASE) IN CASH	21,776	3,176
CASH - Beginning of year	<u>3,176</u>	<u>-</u>
CASH - End of year	\$ <u>24,952</u>	\$ <u>3,176</u>
	=====	=====

(See Accountant's Compilation Report)

STARTCOMM CORPORATION
 (A Development Stage Company)
SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1997, AND THE PERIOD
NOVEMBER 26, 1996 (Date of inception) TO DECEMBER 31, 1997

	<u>1997</u>	<u>1996</u>
GENERAL AND ADMINISTRATIVE EXPENSES:		
Salaries & Other Compensations	\$ 108,504	\$ -
Rent	69,911	-
Telephone	49,342	-
Professional Services	49,076	-
Printing & Reproductions	11,957	-
Payroll Taxes	4,615	-
Other Expenses	<u>24,810</u>	<u>2,975</u>
	 \$ 318,215	 \$ 2,975
	<u>=====</u>	<u>=====</u>

(See Accountant's Compilation Report)



OCEAN BANK

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CUSTOMER NUMBER	PAGE NUMBER
17 1014734905	1 OF 2
FROM	5-31-99
THRU	6-30-99
STATEMENT PERIOD	

FV 100
STARTCOMM COPR
(SPECIAL ACCOUNTS)
100 N BISCAYNE BLVD STE #402
MIAMI FL 33132

ACCOUNT INFORMATION

1014734905	CHECKING NON-PERSONAL	
PREVIOUS BALANCE	5-31-99	16,534.57-
NUMBER/TOTAL CREDITS	1	350,000.00
NUMBER/TOTAL DEBITS	28	150,496.25
FEES		448.86
NEW BALANCE		182,522.31

AVERAGE DAILY BALANCE	17,971.93-
AVERAGE COLLECTED BALANCE	17,971.93-

DESCRIPTIVE TRANSACTIONS

DATE	TRACER	DESCRIPTION	AMOUNT
6-03	12	FEE ASSESSMENT FOR OVERDRAFT CHARGE	54.00-
6-04	15	FEE ASSESSMENT FOR OVERDRAFT CHARGE	81.00-
6-07	14	FEE ASSESSMENT FOR OVERDRAFT CHARGE	81.00-
6-08	14	FEE ASSESSMENT FOR OVERDRAFT CHARGE	81.00-
6-17	13	RETURNED CHECK	550.00-
6-17	13	FEE ASSESSMENT FOR OVERDRAFT CHARGE	27.00-
6-28	15	FEE ASSESSMENT FOR OVERDRAFT CHARGE	27.00-
6-29	10	WIRE TRANSFER INCOMING BELL SOUTH CORPORATION 9906290103583009	350000.00
6-29	10	WIRE TRANSFER FEE	10.00-
6-30	10	WIRE TRANSFER FEE	25.00-
6-30	10	WIRE TRANSFER FEE	25.00-
6-30	10	WIRE TRANSFER OUTGOING 19990630F6B7001C000156	35200.00-
6-30	10	WIRE TRANSFER OUTGOING 19990630F6B7001C000168	93000.00-
6-30	999	TOTAL FEES ASSESSED	448.86-

DAILY BALANCE SUMMARY

DATE	BALANCE	DATE	BALANCE	DATE	BALANCE
5-31	16534.57-	6-02	18680.05-	6-03	22284.31-
6-04	27124.02-	6-07	31663.30-	6-08	31744.33-
6-16	32294.30-	6-17	31771.33-	6-25	32321.33-
6-28	32348.30-	6-29	317641.70	6-30	182522.31

NO.	DATE	AMOUNT	NO.	DATE	AMOUNT
1772	6-25	550.00	1772*	6-16	550.00
1819*	6-02	1078.73	1820	6-07	1530.00
1821	6-07	1012.53	1822	6-03	1068.83
1823	6-04	1394.13	1824	6-02	11066.75
1825	6-07	1906.75	1826	6-04	1972.15
1827	6-04	1394.13	1828	5-03	1165.13



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100 N BISCAYNE BLVD STE #402
MIAMI FL 33132

* - - - - - ACCOUNT INFORMATION - - - - - *

1014734905	CHECKING NON-PERSONAL	
PREVIOUS BALANCE	3-31-99	21,369.49
+ NUMBER/TOTAL CREDITS	7	374,015.23
- NUMBER/TOTAL DEBITS	115	350,407.66
- FEES		.00
NEW BALANCE		44,977.06
AVERAGE DAILY BALANCE		69,534.67
AVERAGE COLLECTED BALANCE		69,065.87

* - - - - - DESCRIPTIVE TRANSACTIONS - - - - - *

DATE	TRACER	DESCRIPTION	AMOUNT
4-01	12	WIRE TRANSFER INCOMING VICENTE OSVALDO JOSE PIRES 6850	20000.00
4-01	12	WIRE TRANSFER FEE	10.00-
4-07	105	CHECKING DEPOSIT	5680.57
4-07	10	WIRE TRANSFER INCOMING BELLSOUTH CORPORATION 9904060110564170	300000.00
4-07	10	WIRE TRANSFER FEE	10.00-
4-08	8	WIRE TRANSFER FEE	25.00-
4-08	8	WIRE TRANSFER OUTGOING 19990408F6B7001C000006	10000.00-
4-09	9	WIRE TRANSFER FEE	25.00-
4-09	9	WIRE TRANSFER OUTGOING 19990409F6B7001C0000022	100000.00-
4-14	8	WIRE TRANSFER FEE	40.00-
4-14	8	WIRE TRANSFER OUTGOING 447697041499 204	30000.00-
4-16	11	WIRE TRANSFER INCOMING IDS LONG DISTANCE 22292	5259.02
4-16	11	WIRE TRANSFER FEE	10.00-
4-21	20420	CLARKE AMERICAN CHK ORDER	332.70-
4-26	10	WIRE TRANSFER FEE	25.00-
4-26	10	WIRE TRANSFER OUTGOING 19990426F6B7001C0000008	5000.00-
4-30	8	CHECKING DEPOSIT	12000.00
4-30	10	WIRE TRANSFER INCOMING IDS LONG DISTANCE 22417	1095.64
4-30	10	WIRE TRANSFER INCOMING BANCO BRADESCO SAO PAULO BRAZI REF 02729951486 9330-27APR98	29980.00
4-30	10	WIRE TRANSFER FEE	10.00-
4-30	10	WIRE TRANSFER FEE	10.00-

* - - - - - DAILY BALANCE SUMMARY - - - - - *					
DATE	BALANCE	DATE	BALANCE	DATE	BALANCE
3-31	21369.49	4-01	33512.20	4-05	30598.07
4-06	19312.24	4-07	323970.27	4-08	312551.14



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4-09	184761.59	4-12	174765.22	4-13	132464.00
4-14	62510.49	4-15	50377.07	4-16	33036.73
4-19	27137.12	4-20	25009.47	4-21	21703.46
4-22	20100.61	4-23	16719.79	4-26	11601.88
4-27	6514.19	4-28	4976.15	4-29	3476.15
4-30	44977.06				

NO.	DATE	AMOUNT	NO.	DATE	AMOUNT
1666	4-06	458.65	1670*	4-13	10000.00
1671	4-06	5766.98	1672	4-06	3089.44
1673	4-01	1320.83	1674	4-01	1439.58
1675	4-01	1316.00	1676	4-01	1539.00
1677	4-07	1012.54	1678	4-08	1394.13
1679	4-01	1066.75	1680	4-05	1906.75
1681	4-06	1970.75	1682	4-05	1007.37
1683	4-01	1165.13	1684	4-15	1087.00
1685	4-15	5.00	1686	4-19	200.00
1687	4-13	290.73	1688	4-12	605.90
1689	4-14	71.00	1691*	4-13	12.31
1692	4-14	33.34	1693	4-14	160.37
1694	4-21	579.00	1695	4-12	1500.00
1696	4-13	5277.13	1697	4-14	3138.33
1698	4-13	838.55	1699	4-13	533.62
1700	4-12	372.75	1701	4-09	633.71
1702	4-12	7517.72	1703	4-09	20579.96
1704	4-13	361.97	1706*	4-09	6550.88
1707	4-14	466.47	1708	4-15	1355.00
1709	4-16	18758.86	1710	4-13	3776.46
1711	4-13	378.30	1712	4-14	689.70
1713	4-14	275.83	1714	4-15	123.22
1715	4-15	2425.28	1716	4-16	610.85
1717	4-16	152.57	1718	4-16	17.60
1719	4-14	492.34	1720	4-15	398.75
1721	4-14	250.00	1722	4-14	250.00
1723	4-15	386.55	1724	4-13	137.22
1725	4-13	199.42	1726	4-13	101.21
1727	4-13	3050.00	1728	4-13	16457.75
1729	4-14	19680.87	1730	4-15	1265.75
1731	4-13	500.00	1733*	4-20	100.00
1734	4-14	500.00	1735	4-28	168.35
1736	4-14	13905.26	1737	4-15	1539.00
1738	4-23	1012.54	1739	4-21	1394.12
1740	4-15	1066.75	1741	4-19	1906.75
1742	4-16	1970.75	1743	4-19	1007.37
1744	4-15	1165.12	1745	4-15	1316.00
1746	4-23	1068.83	1747	4-27	1218.75
1748	4-19	935.49	1749	4-21	594.48
1750	4-22	1560.00	1751	4-16	1078.73
1752	4-19	350.00	1753	4-23	1005.45
1754	4-20	19.03	1755	4-21	280.71
1756	4-20	1767.00	1757	4-19	500.00
1759	4-19	1000.00	1760*	4-20	241.62
1751	4-23	294.00	1762	4-22	42.85
1763	4-26	63.41	1764	4-27	137.94

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1765	4-26	29.50	1766	4-21	125.00
1767	4-27	3500.00	1769*	4-28	1369.69
1770	4-27	231.00	1771	4-29	1500.00
1773*	4-30	1078.73	1782*	4-30	476.00
*	4-13	386.55			