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2000 AUG -7 PM 12:27

DIVISION OF  
REGULATORY OVERSIGHT

GEORGE H. LENNON  
DAVID G. CROCKER  
HAROLD E. FISCHER, JR.  
LAWRENCE M. BRENTON  
GORDON C. MILLER

BLAKE D. CROCKER  
ROBERT M. TAYLOR  
PATRICK D. CROCKER  
ANDREW J. VORBRICH†  
ROBERT G. LENNON††

† Also admitted in Iowa  
††Also admitted in New York, Illinois and Washington, D.C.

OF COUNSEL

VINCENT T. EARLY  
THOMPSON BENNETT  
JOHN T. PETERS, JR.

JOSEPH J. BURGIE  
(1926 - 1992)

ORIGINAL

August 4, 2000

Mr. Walter D'Haeseleer  
Director Division of Communications  
Florida Public Service Commission  
2540 Shumard Oak Blvd  
Tallahassee FL 32399-0688

001082-7X

Re: Ntegrity Telecontent Services, Inc.

Dear Mr. D'Haeseleer:

Enclosed herewith for filing with the Commission, please find an original and 6 (six) copies of the above captioned corporation's APPLICATION FOR AUTHORITY TO PROVIDE ALTERNATIVE LOCAL EXCHANGE SERVICE WITHIN THE STATE OF FLORIDA, along with a check in the amount of \$250.00 to cover filing fees relating to same.

Also enclosed is an exact duplicate of this filing. Please stamp the duplicate received and return same in the self-addressed stamped envelope attached thereto.

Please contact the undersigned if you have additional questions or concerns.

Very truly yours,

EARLY, LENNON, PETERS & CROCKER, P.L.C.

Patrick D. Crocker  
PDC/pas

RECEIVED & FILED  
*Man*  
FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

09597 AUG-98

FPSC-RECORDS/REPORTING

**BEFORE THE  
STATE OF FLORIDA  
PUBLIC SERVICE COMMISSION**

**ORIGINAL**

Application of Ntegrity Telecontent Services Inc.     )  
for Authority to Provide Alternative                     )  
Local Exchange Service Statewide                     )

**APPLICATION**

Patrick D. Crocker  
Early, Lennon, Peters & Crocker, P.L.C.  
900 Comerica Building  
Kalamazoo, MI 49007

DOCUMENT NUMBER-DATE  
09597 AUG-98  
PSC-RECORDS/REPORTING

APPLICATION

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

**Original certificate** (new company).

**Approval of transfer of existing certificate:** Example, a certificated company purchases an existing company and desires to retain the original certificate of authority.

**Approval of assignment of existing certificate:** Example, a certificated company purchases an existing company and desires to retain the certificate of authority of that company.

**Approval of transfer of control:** Example, a company purchases 51% of a certificated company. The Commission must approved the new controlling entity.

2. **Name of Company:**

Ntegrity Telecontent Services Inc.

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

Ntegrity Telecontent Services Inc.

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

250 South President Street

Baltimore, Maryland 21202

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

None

**6. Structure of organization:**

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

**7. If individual, provide:**

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**City/State/Zip:** \_\_\_\_\_

**Telephone No.:** \_\_\_\_\_ **Fax No.:** \_\_\_\_\_

**Internet E-Mail Address:** \_\_\_\_\_

**Internet Website Address:** \_\_\_\_\_

**8. If incorporated in Florida, provide proof of authority to operate in Florida:**

**(a) The Florida Secretary of State corporate registration number:**

\_\_\_\_\_ N/A \_\_\_\_\_

**9. If foreign corporation, provide proof of authority to operate in Florida:**

**(a) The Florida Secretary of State corporate registration number:**

\_\_\_\_\_ F00000002758 \_\_\_\_\_ See Exhibit A \_\_\_\_\_

**If using fictitious name-d/b/a, provide proof of compliance with fictitious name statute (Chapter 865.09, FS) to operate in Florida:**

**(a) The Florida Secretary of State fictitious name registration number:**

\_\_\_\_\_ N/A \_\_\_\_\_

11. **If a limited liability partnership, provide proof of registration to operate in Florida:**

(a) The Florida Secretary of State registration number:

N/A

12. **If a partnership, provide name, title and address of all partners and a copy of the partnership agreement.**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Telephone No.: \_\_\_\_\_ Fax No.: \_\_\_\_\_

Internet E-Mail Address: \_\_\_\_\_

Internet Website Address: \_\_\_\_\_

13. **If a foreign limited partnership, provide proof of compliance with the foreign limited partnership statute (Chapter 620-169, FS), if applicable.**

(a) The Florida Registration number: N/A

14. **Provide F.E.I. Number (if applicable):** 38-3408065

15. **Indicate of any of the officers, director, or any of the ten largest stockholders have previously been:**

(a) **adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. Provide explanation.**

None have been adjudged bankrupt, mentally incompetent, or guilty of any felony or crime.

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

No

**16. Who will serve as liaison to the commission with regard to the following?**

**(a) The application:**

**Name:** Patrick D. Crocker

**Title:** Attorney

**Address:** 900 Comerica Building

**City/State/Zip:** Kalamazoo, MI 49007

**Telephone No.:** 616-381-8844 **Fax No.:** 616-349-8525

**Internet E-Mail Address:** dgcrocker@voyager.net

**Internet Website Address:** \_\_\_\_\_

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

**Name:** A. Keith Machen

**Title:** Vice President and General Counsel

**Address:** 250 S. President Street

**City/State/Zip:** Baltimore, MD 21202

**Telephone No.:** 410-528-8900 X101 **Fax No.:** 410-528-0917

**Internet E-Mail Address:** Keith@Ntegrity.com

**Internet Website Address:** \_\_\_\_\_

**(c) Complaints/Inquiries from customers:**

**Name:** Jeff Morrison

**Title:** Executive Assistant

**Address:** 250 S. President Street

**City/State/Zip:** Baltimore, MD 21202

**Telephone No.:** 410-528-5392 **Fax No.:** 410-528-0917

**Internet E-Mail Address:** jmorrison@Ntegrity.com

**Internet Website Address:** www.ntegrity.com

**17. List the states in which the applicant:**

**(a) has operated as an alternative local exchange company.**

Michigan, Maryland, Pennsylvania, and New Jersey

**(b) has applications pending to be certificated as an alternative local exchange company.**

Georgia, Tennessee, Alabama, District of Columbia, and Texas

**(c) is certificated to operate as an alternative local exchange company.**

Virginia, New York, Pennsylvania, New Jersey, Maryland, Michigan, and Massachusetts

**(d) has been denied authority to operate as an alternative local exchange company and the circumstances involved.**

Applicant has not been denied authority to operate as an alternative local exchange company in any jurisdiction.

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

Applicant has had no regulatory penalties imposed for violations of telecommunications statutes.

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

Applicant has not been involved in any civil court proceedings with an interexchange carrier, local exchange company or other telecommunications entity.

**1. Submit the following:**

**A. Financial capability.**

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

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

- 1. The balance sheet;**
- 2. Income statement; and**
- 3. Statement of retained earnings.**

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



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

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

See Exhibit B.

**B. Managerial capability: give resumes of employees/officers of the company that would indicate sufficient managerial experience of each.**

See Exhibit C.

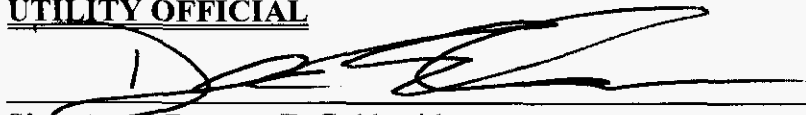
**C. Technical capability: give resumes of employees/officers of the company that would indicate sufficient technical experiences or indicate what company has been contracted to conduct technical maintenance.**

See Exhibit C.

**\*\* APPLICANT ACKNOWLEDGMENT OF STATEMENT \*\***

1. **REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of \$50 is required.
2. **GROSS RECEIPTS TAX:** I understand that all telephone companies must pay a gross receipts tax of two and one-half percent on all intra and interstate business.
3. **SALES TAX:** I understand that a seven percent sales tax must be paid on intra and interstate revenues.
4. **APPLICATION FEE:** I understand that a non-refundable application fee of \$250.00 must be submitted with the application.

**UTILITY OFFICIAL**

	8-1-00
Signature Dwayne E. Goldsmith	Date
President	410-528-8900
Title	Telephone No.
Address: 250 S. President Street	410-528-0917
	Fax No.
Baltimore, MD 21202	

**ATTACHMENTS:**

- A - CERTIFICATE SALE, TRANSFER, ASSIGNMENT STATEMENT
- B - INTRASTATE NETWORK
- C - AFFIDAVIT

**CERTIFICATE SALE, TRANSFER, OR ASSIGNMENT STATEMENT**

Not applicable

**INTRASTATE NETWORK (if available)**

**Chapter 25-24.825 (5), Florida Administrative Code, requires the company to make available to staff the alternative local exchange service areas only upon request.**

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

- |          |          |
|----------|----------|
| 1) _____ | 2) _____ |
| _____    | _____    |
| 3) _____ | 4) _____ |
| _____    | _____    |

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

- |          |          |
|----------|----------|
| 1) _____ | 2) _____ |
| _____    | _____    |
| 3) _____ | 4) _____ |
| _____    | _____    |

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

**POP-to-POP**

**OWNERSHIP**


- |          |       |
|----------|-------|
| 1) _____ | _____ |
| 2) _____ | _____ |
| 3) _____ | _____ |
| 4) _____ | _____ |

**AFFIDAVIT**

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

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

**UTILITY OFFICIAL:**

	8-1-00
<b>Signature</b> Dwayne E. Goldsmith	<b>Date</b>
President	410-528-8900
<b>Title</b>	<b>Telephone No.</b>
<b>Address:</b> 250 S. President Street	410-528-0917
Baltimore, MD 21202	<b>Fax No.</b>

**EXHIBIT A**

**Certificate of Authority to Transact Business**

# State of Florida



## Department of State

I certify from the records of this office that NTEGRITY TELECONTENT SERVICES INC., is a corporation organized under the laws of Nevada, authorized to transact business in the State of Florida, qualified on May 11, 2000.

The document number of this corporation is F00000002758.

I further certify that said corporation has paid all fees due this office through December 31, 2000, and its status is active.

I further certify that said corporation has not filed a Certificate of Withdrawal.

Given under my hand and the  
Great Seal of the State of Florida  
at Tallahassee, the Capitol, this the  
Seventeenth day of May, 2000



CR2EO22 (1-99)

*Katherine Harris*

Katherine Harris  
Secretary of State

**EXHIBIT B**

**Financial Capability**



1. Applicant attaches current income statement and balance sheet as evidence the company has sufficient financial capability to provide the requested service in the geographic area proposed to be served.
2. Applicant attaches current income statement and balance sheet as evidence the company has sufficient financial capability to maintain the requested service.
3. Applicant attaches current income statement and balance sheet as evidence the company has sufficient financial capability to meet its lease or ownership obligations.

UNAudited

**Ntegrity Telecontent Services, Inc.**  
**Income Statement**  
**For the Month and Period Ended December 31, 1999**

	Month Ending 12/31/99			YTD Ending 12/31/99		
	Actual	Projected	Difference	Actual	Projected	Difference
Total Billable Revenue	240,415	620,827	(380,412)	4,263,733	5,421,070	(1,157,337)
Less: Allowances	(15,000)	(3,104)	(11,896)	(135,809)	(55,469)	(80,340)
Net Billable Revenues	225,415	617,723	(392,308)	4,127,924	5,365,601	(1,237,677)
Cost of Revenues	329,112	596,859	(267,747)	4,331,533	5,119,300	(787,767)
Gross Margin	(103,697)	20,864	(124,561)	(203,609)	246,301	(449,910)
GM %	-46.0%	3.4%		-4.9%	4.6%	
Sales Expenses	12,515	82,438	(69,923)	280,205	517,250	(237,045)
General & Administrative Expenses						
Executive Salaries	40,978	33,300	7,678	365,192	359,986	5,206
Administrative Salaries	30,660	54,917	(24,257)	342,265	430,823	(88,558)
Benefits	6,803	17,393	(10,590)	82,389	135,340	(52,951)
Rent	5,862	5,862	-	69,892	70,341	(449)
Telephone and Utilities	7,337	10,000	(2,663)	119,628	135,976	(16,348)
Advertising and Promotions	2,079	11,689	(9,610)	37,188	91,370	(54,182)
Maintenance and Repairs	3,177	750	2,427	24,235	14,010	10,225
Travel and Entertainment	4,814	7,500	(2,686)	66,835	67,865	(1,030)
Equipment Rental	1,643	1,750	(107)	13,840	16,959	(3,119)
Insurance	1,769	2,042	(273)	17,857	19,553	(1,696)
Bank Fees	1,187	2,247	(1,060)	13,617	16,192	(2,575)
Professional Services	46,044	30,200	15,844	417,531	357,395	60,136
Training	-	-	-	(17,486)	1,148	(18,634)
Office Supplies and Postage	4,364	3,000	1,364	44,924	38,547	6,377
Personal Property Taxes	1,000	2,046	(1,046)	12,000	27,719	(15,719)
Miscellaneous	75	5,000	(4,925)	10,776	38,418	(27,642)
Bad Debt Expense	50,000	18,625	31,375	1,160,000	942,082	217,918
G&A Expenses	207,792	206,321	1,471	2,780,683	2,763,724	16,959
EBITDA	(324,004)	(267,895)	(56,109)	(3,264,497)	(3,034,673)	(229,824)
EBITDA %	-143.7%	-43.4%		-79.1%	-56.6%	
Depreciation	4,648	5,913	(1,265)	48,499	50,617	(2,118)
Amortization	2,472	2,502	(30)	21,840	22,022	(182)
Operating Income (EBIT)	(331,124)	(276,310)	(54,814)	(3,334,836)	(3,107,312)	(227,524)
Interest Expense, net	35,819	23,202	12,617	265,547	299,341	(33,794)
Other Income	-	-	-	(23,464)	-	-
Pretax Income	(366,943)	(299,512)	(67,431)	(3,576,919)	(3,406,653)	(193,730)
Income Tax	-	-	-	-	-	-
Net Income	(366,943)	(299,512)	(67,431)	(3,576,919)	(3,406,653)	(170,266)

Stan Hymoshin Controller Acting CFO 7/27/2000

UNAUDITED

**Ntegrity Telecontent Services, Inc.**  
**Balance Sheet**  
**As of November 30 and December 31, 1999**

ASSETS	<u>Nov-99</u>	<u>Dec-99</u>
Current:		
Cash	122,783	133,960
Accounts Receivable, net	1,173,805	995,855
Expense Advances	1,298	1,848
Preferred Stock Subscriptions Receivable	1,500,000	1,500,000
Unbilled Revenues	79,037	315,118
Prepaid Expenses	<u>128,532</u>	<u>133,005</u>
Total Current Assets	3,005,455	3,079,786
Furniture & Capital Equipment	191,687	195,175
Less: Depreciation	<u>(56,489)</u>	<u>(61,137)</u>
Net Furniture & Capital Equipment	135,198	134,038
Deposits	71,621	71,621
Capitalized Financing Costs, net	<u>121,916</u>	<u>119,444</u>
Total Assets	<u>3,334,190</u>	<u>3,404,889</u>
LIAB. AND EQUITY		
Current:		
Accounts Payable	2,673,177	2,935,870
Accrued Expenses	289,890	275,289
Accrued Interest	290,519	326,083
Customer Deposits	1,800	2,100
Taxes Payable	<u>184,133</u>	<u>189,011</u>
Total Current Liabilities	3,439,519	3,728,353
Senior Debt	2,450,000	2,600,000
Lease Liability	20,511	19,792
Deferred Rent	14,192	13,718
Deferred Tax Liability	<u>-</u>	<u>-</u>
Total Liabilities	5,924,222	6,361,863
Common Equity	8	8
Additional Paid in Capital	10,000	10,000
Preferred Stock	500,000	500,000
Preferred Stock Subscriptions	1,500,000	1,500,000
Retained Earnings	<u>(4,600,040)</u>	<u>(4,966,982)</u>
Total Equity	<u>(2,590,032)</u>	<u>(2,956,974)</u>
Total Liabilities and Equity	<u>3,334,190</u>	<u>3,404,889</u>

Steven Hymachi - Controller - Acting CFO  
7/27/2000

UNAudited

**Ntegrity Telecontent Services, Inc.**  
**Statement of Cash Flows**  
**For the Months Ended November 30 and December 31, 1999**

	<u>Nov-99</u>	<u>Dec-99</u>
Funds From (Used by) Operating Activities:		
Net Income Available to Common	(303,648)	(366,943)
Depreciation/Amortization	7,023	7,120
Deferred Tax Liability	-	-
Deferred Rent	(474)	(473)
Change in Current Assets and Current Liabilities:		
Accounts Receivable	(220,243)	177,950
Preferred Stock Sub. Receivable	-	(50,000)
Expense Advances	406	(550)
Unbilled Receivables	220,018	(236,081)
Prepaid Expenses	648	(4,473)
Accounts Payable	297,315	262,693
Accrued Expenses	1,792	(14,600)
Interest Payable	28,583	35,564
Customer Deposits	200	300
Taxes Payable	<u>3,473</u>	<u>4,878</u>
Total Changes in Current Assets and Current Liabilities	332,192	175,681
Funds From Operations	35,093	(184,615)
Funds From (Used by) Investing Activities:		
Furniture and Fixtures Purchases	(334)	(3,488)
Deposits	<u>(25,000)</u>	<u>-</u>
Funds From (Used by) Investing Activities	(25,334)	(3,488)
Funds From (Used by) Financing Activities:		
Equity Issued	-	-
Debt Issued	-	-
Lease Liability	(711)	(720)
Debt Repayments	-	200,000
Capitalized Financing Costs	<u>-</u>	<u>-</u>
Funds From (Used by) Financing Activities	<u>(711)</u>	<u>199,280</u>
Net Change in Cash	9,048	11,177
Beginning Cash	<u>113,735</u>	<u>122,783</u>
Ending Cash (Revolver)	<u>122,783</u>	<u>133,960</u>

Steven Hymashi

Controller-Acting CFO  
7/27/2000

**Ntegrity Telecontent Services, Inc.**  
**Cost of Revenues Detail**  
**For the Month and Period Ended December 31, 1999**

	<u>Month</u>	<u>YTD</u>
ILEC Network	197,893	2,873,923
Long Distance Network	38,541	526,916
Calling Card / Voice Mail	26,020	45,185
Wages - Provisioning	24,986	341,017
Fringes - Provisioning	7,870	59,091
Temporary Labor	23,337	316,145
Bill Processing	9,315	153,865
Tariff Research	400	7,141
Tax Compliance Service	750	8,250
	<hr/>	<hr/>
Total Cost of Revenues	<u>329,112</u>	<u>4,331,533</u>

**Ntegrity Telecontent Services, Inc.**  
**FINANCIAL STATEMENTS**  
**AND**  
**REPORT OF INDEPENDENT**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**December 31, 1998**

**Ntegrity Telecontent Services, Inc.**

**FINANCIAL STATEMENTS  
AND  
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

**December 31, 1998**

# CONTENTS

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	Page
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	3
FINANCIAL STATEMENTS	
BALANCE SHEET	5
STATEMENT OF OPERATIONS	6
STATEMENT OF STOCKHOLDERS' DEFICIT	7
STATEMENT OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9
SUPPLEMENTARY INFORMATION	
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON SUPPLEMENTARY INFORMATION	17
SCHEDULE OF SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	18



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Directors  
Ntegrity Telecontent Services, Inc.

We have audited the accompanying balance sheet of Ntegrity Telecontent Services, Inc. (a Nevada corporation) as of December 31, 1998, and the related statements of operations, stockholders' deficit, and cash flows for the period from March 13, 1998 (commencement of operations) through December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ntegrity Telecontent Services, Inc. as of December 31, 1998 and the results of its operations and its cash flows for the period then ended in conformity with generally accepted accounting principles.

*Grant Thornton LLP*

*Baltimore, Maryland*

*March 18, 1999, except for Note K, as  
to which the date is July 28, 1999*

**FINANCIAL STATEMENTS**

# Ntegrity Telecontent Services, Inc.

## BALANCE SHEET

December 31, 1998

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### ASSETS

#### CURRENT ASSETS

Cash and cash equivalents	\$142,990
Accounts receivable - trade, less allowance for doubtful receivables of \$550,000	
Billed	179,891
Unbilled	178,940
Prepaid expenses	<u>185,121</u>
Total current assets	686,942

#### PROPERTY AND EQUIPMENT - at cost, less accumulated depreciation

122,504

#### OTHER ASSETS

Deferred financing costs, less accumulated amortization	63,096
Deposits	<u>27,246</u>
	<u>90,342</u>

\$899,788

*The accompanying notes are an integral part of this financial statement.*

---

**LIABILITIES AND STOCKHOLDERS' DEFICIT**

**CURRENT LIABILITIES**

Accounts payable	\$ 582,633
Accrued liabilities	269,345
Current maturities of capital lease obligation	<u>11,700</u>
Total current liabilities	863,678

**LONG-TERM DEBT**

Capital lease obligation	16,165
Notes payable	<u>1,400,000</u>
	1,416,165

**COMMITMENTS AND CONTINGENCIES**

**STOCKHOLDERS' DEFICIT**

Common stock, no par value, 4,000,000 shares authorized; 2,068,000 shares issued and outstanding	8
Additional paid-in capital	10,000
Accumulated deficit	<u>(1,390,063)</u>
	<u>(1,380,055)</u>
	\$ <u>899,788</u>

# Nte<sup>^</sup>ity Telecontent Services, Inc.

## STATEMENT OF OPERATIONS

Period from March 13, 1998 (commencement of operations)  
through December 31, 1998

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<b>Revenues</b>	\$ 910,221
<b>Cost of revenues</b>	<u>921,248</u>
Gross profit (loss)	(11,027)
<b>Selling, general and administrative expenses</b>	<u>1,331,800</u>
Operating loss	(1,342,827)
<b>Interest expense</b>	<u>(47,236)</u>
<b>NET LOSS</b>	<u><u>\$(1,390,063)</u></u>

*The accompanying notes are an integral part of this financial statement.*

# Ntegrity Telecontent Services, Inc.

## STATEMENT OF STOCKHOLDERS' DEFICIT

Period from March 13, 1998 (commencement of operations)  
through December 31, 1998

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	<u>Common Stock</u>		<u>Additional</u>	<u>(Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>paid-in</u>	<u>deficit)</u>	<u>stockholders'</u>
			<u>capital</u>		<u>deficit</u>
Issuance of common stock	2,068,000	\$8	\$10,000	\$ -	\$ 10,008
Net loss for the period	-	-	-	(1,390,063)	(1,390,063)
Balance at December 31, 1998	<u>2,068,000</u>	<u>\$8</u>	<u>\$10,000</u>	<u>\$(1,390,063)</u>	<u>\$(1,380,055)</u>

*The accompanying notes are an integral part of this financial statement.*

# Ntegrity Telecontent Services, Inc.

## STATEMENT OF CASH FLOWS

Period from March 13, 1998 (commencement of operations)  
through December 31, 1998

<b>Cash flows from operating activities</b>	
Net loss for the period	\$(1,390,063)
Adjustments to reconcile net loss to net cash used in operating activities	
Depreciation and amortization	19,648
Allowance for doubtful receivables	550,000
Changes in assets and liabilities	
Accounts receivable - trade	(908,831)
Prepaid expenses	(185,121)
Accounts payable	582,633
Accrued liabilities	<u>269,345</u>
Net cash flows used in operating activities	(1,062,389)
<b>Cash flows from investing activities</b>	
Purchases of property and equipment	(103,756)
Deposits	(27,246)
Deferred financing costs	<u>(70,106)</u>
Net cash flows used in investing activities	(201,108)
<b>Cash flows from financing activities</b>	
Issuance of common stock, including additional paid-in capital	10,008
Proceeds from notes payable	1,400,000
Payments on obligation under capital lease	<u>(3,521)</u>
Net cash flows provided by financing activities	<u>1,406,487</u>
NET INCREASE IN CASH	142,990
<b>Cash, beginning of period</b>	<u>-</u>
<b>Cash, end of period</b>	<u>\$ 142,990</u>
<b><u>Supplemental disclosure of cash flow information:</u></b>	
Interest paid	\$ 2,243
Acquisition of equipment under capital lease	31,386

*The accompanying notes are an integral part of this financial statement.*

# Ntegrity Telecontent Services, Inc.

## NOTES TO FINANCIAL STATEMENTS

December 31, 1998

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### NOTE A - DESCRIPTION OF BUSINESS

Ntegrity Telecontent Services, Inc. (the Company), was incorporated on March 13, 1998 in Nevada as a C Corporation. The Company is a competitive local exchange carrier (CLEC) providing bundled telephony services to the Mid-Atlantic and New England regions.

### NOTE B - SUMMARY OF ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

#### Cash and Cash Equivalents

Cash and cash equivalents include cash in bank accounts and short-term investments with original maturities of three months or less.

#### Accounts Receivable

For financial reporting purposes, the Company utilizes the allowance method of accounting for doubtful accounts. The Company performs ongoing credit evaluations of its customers and, if required, maintains an allowance for potential credit losses. The allowance is based on an experience factor and review of current accounts receivable. Uncollectible accounts will be written off against the allowance accounts.

#### Property and Equipment

Property and equipment are recorded at cost. For financial reporting purposes, depreciation is computed using the straight-line method over the estimated useful lives of depreciable assets which range from three to seven years. Accelerated methods are used for income tax reporting.

#### Deferred Financing Costs

Deferred financing costs incurred in obtaining the notes payable (Note E) are being amortized using the straight-line method over the five year life of the loan. Amortization expense and accumulated amortization were \$7,011 for the period ended and as of December 31, 1998.



# Ntegrity Telecontent Services, Inc.

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1998

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### NOTE B - SUMMARY OF ACCOUNTING POLICIES - Continued

#### Revenue and Cost Recognition

Revenues consist of charges to customers for telecommunication services. The Company's policy is to recognize income in the month services are provided. Fees are charged on a per service basis as described in the service agreements.

#### Advertising

Advertising costs are expensed as incurred. Total advertising and promotion expense for the year ended December 31, 1998 was \$13,282.

#### Income Taxes

Income taxes are provided for in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." Accordingly, liabilities and assets are recognized for the deferred tax consequences of temporary differences or carryforwards that will result in net taxable or deductible amounts in future periods. Deferred tax expense or benefit is the result of changes in the net asset or liability for deferred taxes. The principal items giving rise to temporary differences are reserves and depreciation.

At December 31, 1998, net operating loss carryforwards of approximately \$840,000 expiring in 2013, are available to offset future taxable income. The resulting deferred tax asset has been fully reserved by a valuation allowance as realization cannot be assured. Consequently, no provision for income taxes has been included in these financial statements.

#### Use of Estimates

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

# Ntegrity Telecontent Services, Inc.

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1998

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### NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 1998:

Computer equipment and software	\$119,752
Furniture and office fixtures	<u>15,390</u>
	135,142
Less accumulated depreciation	<u>12,638</u>
Net property and equipment	<u>\$122,504</u>

Depreciation expense was \$19,648 for the period ended December 31, 1998.

### NOTE D - CAPITAL LEASE OBLIGATION

The Company is obligated under a capital lease for computer equipment in the amount of \$31,386. The lease requires monthly payments of \$975, including interest at 13.33%, and expires in August 2001. The balance of the lease at December 31, 1998 was \$27,865. Depreciation expense related to this lease was \$2,812 for the period ended December 31, 1998.

Future minimum lease payments and present value of the net minimum lease payments at December 31, 1998 are as follows:

1999	\$11,700
2000	11,700
2001	<u>7,800</u>
	31,200
Less amount representing interest	<u>3,335</u>
Present value of future lease payments	<u>\$27,865</u>

# Ntegrity Telecontent Services, Inc.

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1998

### NOTE E - NOTES PAYABLE

In June 1998, the Company obtained a \$2,000,000 financing commitment under the terms of a Senior Note Purchase Agreement, of which \$1,400,000 is outstanding at December 31, 1998. The notes are held by MMG Ventures, L.P. (\$700,000), Community Development Ventures, Inc. (\$350,000), and Maryland Small Business Development Financing Authority (\$350,000). The notes accrue interest only at 14% through December 31, 1999. Beginning January 1, 2000, monthly installments of principal and interest are due until June 2003, at which time the remaining balance is due.

As a condition to the financing, the Company has obtained key man life insurance policies on four officers in the aggregate amount of \$3,500,000. In addition, the notes are collateralized by substantially all of the Company's assets and are personally guaranteed by certain shareholders.

Aggregate maturities of notes payable (which include accrued interest) are as follows at December 31, 1998:

1999	\$ -
2000	243,717
2001	280,114
2002	321,947
2003	795,314

### NOTE F - COMMITMENTS AND CONTINGENCIES

#### Operating Leases

The Company entered into an operating lease for office space beginning August 1, 1998 for a three year period. As part of this agreement, the Company is not liable for any utility costs incurred during the first 18 months of the lease. Rent expense was \$29,308 for the period ended December 31, 1998.

# Ntegrity Telecontent Services, Inc.

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1998

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### NOTE F - COMMITMENTS AND CONTINGENCIES - Continued

#### Operating Leases - continued

Future minimum lease payments under this agreement are as follows:

<u>Year</u>	<u>Amount</u>
1999	\$66,271
2000	77,593
2001	46,547

### NOTE G - STOCKHOLDERS' EQUITY

The Company and its stockholders are parties to an agreement that restricts the transferability of the Company's common stock. Under certain conditions, the Company may be obligated to redeem a stockholder's interest.

In connection with the issuance of debt under the Senior Note Purchase Agreement (see note E), the noteholders have received warrants to purchase shares of common stock based on the amounts borrowed under the \$2,000,000 financing arrangement. The maximum number of shares to be exercised is 1,800,000, representing 45% of the fully diluted equity of the Company after giving effect to the exercise of the warrants. At December 31, 1998, based on the amount of notes issued under the financing agreement, warrants to purchase 1,260,000 shares of common stock have been granted and are exercisable at an aggregate price of \$3. No fair value was attributed to the warrants issued during 1998. The Company may repurchase the warrants, and the holder may require the Company to repurchase the warrants, any time after June 30, 2002, at fair market value.

The Company has granted an option to a financial consulting firm to acquire approximately 119,000 shares of common stock at an exercise price of \$60.

# **Ntegrity Telecontent Services, Inc.**

## **NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 1998**

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### **NOTE H - TELECOMMUNICATIONS AGREEMENTS**

The Company has entered into various outsourcing agreements with third parties to obtain new customers, verify those new customers, or bill those customers. The initial terms of these agreements are for various time periods and the agreements will remain in effect unless notice of termination is provided by either party.

Payments to the third parties are only due based on volume of transactions performed in regards to obtaining or billing customers. Amounts paid to these third parties totaled \$228,887 for 1998.

### **NOTE I - RESELLER AGREEMENTS**

The Company has signed reseller agreements with Bell Atlantic in three states. Under the terms of the agreements, the Company can request Bell Atlantic to provide telecommunications services for the Company's customers. The agreements were effective at various dates from June 8, 1998 through August 21, 1998 and continue in force until either party gives 90 days written termination notice. Services provided by Bell Atlantic totaled \$679,666 for 1998.

The Company entered into a telecommunications service agreement with a third party effective July 25, 1998. This agreement is for a three year period and will be automatically renewed in one year increments. The third party provides the Company long distance telecommunications services for the Company's customers. Services provided under this agreement totaled \$48,759 under this agreement for the period ended December 31, 1998.

# **Ntegrity Telecontent Services, Inc.**

## **NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 1998**

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### **NOTE J - RISKS AND UNCERTAINTIES**

The Year 2000 issues relate to limitations in computer systems and applications that may prevent proper recognition of the Year 2000. The potential effect of the Year 2000 issue on the Company and its business partners will not be fully determinable until the Year 2000 and thereafter. If Year 2000 modifications are not properly completed either by the Company or entities with whom the Company conducts business, the Company's revenues and financial condition could be adversely impacted. The Company has addressed the Year 2000 issue and feels confident that all Year 2000 matters will be identified and corrected before December 31, 1999.

### **NOTE K - SUBSEQUENT EVENTS**

in July 1999, the Company authorized 8,000,000 shares of Series A Participating Nonconvertible Cumulative Preferred Stock and increased the number of authorized common shares to 10,000,000.

On July 15, 1999, the Company obtained \$2 million in additional financing through a stock purchase agreement between the Company and MMG Ventures, LP. The stock purchase agreement provides for the issuance of 2,000,000 shares of Series A Participating Nonconvertible Cumulative Preferred Stock at a price of \$1.00 per share, together with warrants to purchase 7.145% of the Company on a fully diluted basis. The \$2 million will be distributed in four equal installments upon the Company achieving certain operating goals on the following dates: July 15, September 15, November 15, and January 15. All undisbursed funds are held in escrow. For arranging the financing, MMG Ventures LP is to receive a 1% fee to be paid at each installment date. All proceeds are to be used for working capital.

**SUPPLEMENTARY INFORMATION**

**REPORT OF INDEPENDENT CERTIFIED PUBLIC  
ACCOUNTANTS ON SUPPLEMENTARY INFORMATION**

Board of Directors and Stockholders  
Ntegrity Telecontent Services, Inc.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole of Ntegrity Telecontent Services, Inc. as of and for the year ended December 31, 1998, which are presented in the preceding section of this report. The supplementary information on page 18 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Grant Thornton LLP*

Baltimore, Maryland

March 18, 1999, except for Note K, as  
to which the date is July 28, 1999



# Ntegrity Telecontent Services, Inc.

## SCHEDULE OF SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Period from March 13, 1998 (commencement of operations)  
through December 31, 1998

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Advertising and promotion	\$ 13,282
Bad debts and customer allowances	550,000
Depreciation and amortization	19,648
Moving and travel	63,166
Other	44,079
Payroll taxes and fringe benefits	24,804
Professional fees	84,126
Rent	30,752
Salaries and temporary labor	238,805
Sales expenses	210,109
Telephone	<u>53,029</u>
Total selling, general and administrative expenses	<u>\$1,331,800</u>

**EXHIBIT C**

**Management Resumes**

## Dwayne E. Goldsmith, P.E.

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Mr. Goldsmith is an executive with over 18 years experience in the telecommunications and information industries. Mr. Goldsmith has extensive experience in several aspects of management in Fortune 500 and small company business environments. His experience includes strategic planning, marketing, sales, software development, and line operations management. As an executive with Ameritech, Mr. Goldsmith served as President of the \$400 million Pay Phone unit, and was a Vice-President on the launch team that designed the business unit that sells services to telecommunications resellers and information providers. He has also operated a systems integration software company, and started several technology businesses in the multimedia software, voice services, and consulting environments. He is versed in operations management, and is a recognized leader in the application of process management, re-engineering, and quality management environments. Listed is a synopsis of the positions held by Mr. Goldsmith throughout his career:

### **CEO, Ntegrity Telecontent Services, Inc. (1/96 - Present)**

Conceived and created a business enterprise to markets telecontent services, including long distance, paging, internet, voice-mail, cellular, and local services to small business customers across the United States. Accomplishments include building the senior management team, interfacing with the investment community, and formulating business and marketing strategy.

### **President - Pay Phone Services, Ameritech (7/95 - 12/95)**

Managed the \$400 million business unit responsible for the sale and operation of public communication products, including over 260,000 pay telephones, pre-paid cards, and voice verification technology used for home incarceration and remote time keeping. Refocused the mission of the organization - to sell network transactions instead of just pay phones - in order to combat erosion of the market due to cellular growth and network bypass. Managed the unit, which was the most competitively challenged within the corporation, to its highest profitability level and its lowest cost structure. Functions managed within the unit included: strategy, marketing, premise sales, telemarketing sales, service center, installation and maintenance, collecting, purchasing and inventory management. This unit included over 1,200 line and staff employees.

### **Vice President - Information Industry Services, Ameritech (6/93 - 7/95)**

Launched a new business unit dedicated to selling telecommunications services to third party information providers such as telemanagement companies, centrex, paging and cellular resellers; on-line services and internet firms; alarm and CATV companies; and, multimedia software companies. Personally selected and developed a team of over 100 marketing, sales, business development and service professionals, while growing business revenue and profitability by 30% annually. Created business plans and strategic alliances to launch new lines of business in the systems integration and multimedia software areas. Designed and implemented start-up ventures that acquired over 35,000 voice mail services in 45 days. Created the first two Limited Liability Corporations within Ameritech in order to enter the building automation industry and the electric utility automation business.

### **General Manager - Bell Public Markets, Ameritech Michigan (1/91 - 6/93)**

Managed the \$100 million public phone line of business; maintained and marketed the four million record customer database. Grew revenue in a market previously assumed to be eroding due to competition. Implemented Total Quality Management principals throughout the public organization. A Malcolm Baldrige Senior Examiner recognized the unit as the most well managed organization within Ameritech. Served as co-leader of the corporate planning teams that restructured and launched the Ameritech Small Business Unit.

### **Director - Major Account Marketing & Sales, Michigan Bell (6/88 - 1/91)**

Managed a team of 60 professionals responsible for the sale of telecommunications networks to the top ten percent of Ameritech Michigan's business customers, such as General Motors, Chrysler, and The Detroit Medical Center. Exceeded revenue targets by over 42%, and implemented the largest digital network in

Ameritech's history. Designed and implemented a \$1.5 million marketing information, decision support, office automation, and electronic bonding system for the organization.

**Director - Management Information Services, Michigan Bell (1/86 - 6/88)**

Managed a team of consultants and computer analysts responsible for the creation of mission critical networks and systems for the marketing, network, finance, and computer operations areas within Ameritech. Responsibilities included system analysis, design, and project management. Completed over 80 system integration projects valued at over \$22 million.

**Business Developer, Syndeco - Detroit Edison Subsidiary (1/85 - 1/86)**

Developed market entry strategies for Detroit Edison to enter the consulting engineering business in order to diversify utility operations. Evaluated new business opportunities for strategic fit within the corporate portfolio, and designed plans to enter two new businesses.

**Corporate Planner, Detroit Edison (12/83 - 1/85)**

Created business strategies for Detroit Edison's entry into the telecommunications business as a provider of long distance and local bypass services. Completed the industry evaluation, developed market entry strategy, and formulated sales tactics for the corporation. Created economic development strategies for the State of Michigan in partnership with several local business development organizations.

**Systems Engineer, Detroit Edison (5/79 - 12/83)**

Designed and created leading edge software systems that modeled high voltage power lines, thermal characteristics of dwellings, and electromagnetic phenomena associated with high voltage power lines. Designed and developed hardware and software for prototype data acquisition systems to monitor and control electrical system components. Managed a team of design engineers on the Fermi II Nuclear Power Plant project.

**Partner, Strategic Information Systems, Incorporated (1982 - 1985)**

Owned and operated a consulting firm for three years. The firm designed computer networks and relational databases that enabled clients to leverage technology for competitive advantage. Created systems in the telecommunications, automotive, accounting, and project management areas.

**Adjunct Professor, Wayne State University (1991 - 1993)**

Served as Professor in the College of Engineering for two years. Instructed graduate and undergraduate students in the areas of reliability, quality and statistics. Published and presented several papers on the implementation of quality systems in service industries.

Mr. Goldsmith received his MBA in Marketing and Computer Information Systems from The University of Michigan, and his BS in Electrical and Computer Engineering from Wayne State University. He has held leadership positions in several academic and professional associations and is a Registered Professional Engineer.

## Theresa A. Osborne

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Ms. Osborne invested 25 years of her career as an operations manager, and corporate executive in the Bell System. She managed the entire Computer Operations Division for Ameritech Michigan. Through her staff of over 400 employees and a \$200 million budget, she was responsible for all corporate mainframe, departmental mini-computer, and wide area networks. Ms. Osborne was personally responsible for conceiving and introducing desktop departmental computing to the corporation. She has extensive knowledge of operational systems that perform mission critical functions throughout a telecommunication's company value chain. Ms. Osborne was also responsible for over 2,000 employees as the leader of Ameritech Michigan's operator services organization. This was one of the largest and most complex call centers in the country. Ms. Osborne has been an entrepreneur in the consulting industry for the past four years. Her accomplishments include starting a voice mail business, creating three telemarketing centers, creating process re-engineering educational workshops, building organizational consulting models, and instituting quality and process management techniques into a variety of businesses. Ms. Osborne also has, as a result of her experience in the voice mail business, extensive knowledge of the third party resale environment, including an intimate knowledge of RBOC order entry and subscription billing systems. Her operations management expertise resulted in the acquisition of over 25,000 voice mail customers within 60 days. Her career is detailed by the following accomplishment summaries:

### **Vice President - Operations, Ntegrity, LLC (8/96 - Present)**

Created the overall control and process management strategy for the operations plan. Structured and prototyped work-at-home telemarketing efforts in anticipation of a future rollout. Ms. Osborne is the primary interface with contracted programming resources, and has managed the voice mail product delivery mechanisms, and subscription billing processes.

### **President, TAO Consulting (7/93 - Present)**

Created operating procedures and structure the sales effort for a voice mail business in the Michigan area. Consulted with two additional voice mail providers to create operating programs and sales strategies. Acquired over 25,000 voice mail customers within two months. Additionally, she consulted with Ameritech and assisted with the launch of an international telemarketing center designed to sell voice mail products. Performed over 25 successful engagements primarily in the operations management, computer information systems, and organizational design areas.

### **General Manager - Operator Services, Ameritech Michigan (7/91 - 7/93)**

Managed a team of 2100 employees and an annual budget of \$100 million to record setting quality and expense results. Instituted process management systems, and technology improvements to increase efficiency by over 14% in one year. Launched several new advertising campaigns targeted at consumers that contact information or dialing assistance services.

### **Senior Quality Director, Ameritech (1/91 - 7/91)**

Introduced total quality management and process management principals into the Public Markets Organization of Ameritech. Instituted several unique designs to reduce defects in the production of white pages phone books, the delivery of information services, and the sale of operator services.

### **Division Manger - Operator Services, Michigan Bell (1/89 - 1/91)**

Managed the operator services functions for the Michigan area. Published over 30 White Pages Directories for the Michigan area on an annual basis.

### **Division Manager - Computer Operations, Michigan Bell (12/84 - 1/89)**

Responsible for the operation of all mission critical applications and systems for the company. Managed all corporate mainframe, departmental systems and local area networks. Served all business office, network, installation & maintenance, finance, and marketing personnel with over 400 technical employees and an annual budget of over \$200 million. Managed the integration of the first client /server wide area network in the Ameritech Corporation.

**District Manager – Information Systems, Michigan Bell (7/78 – 12/84)**

Managed all system development and maintenance programming for third and fourth generation legacy systems in the company. Responsible for every program enhancement or business transaction throughout the company.

**Manager – Information Systems, Michigan Bell (6/71 – 7/78)**

Managed a team of analysts that developed network information, billing, and accounting systems for the company.

**Systems Analyst – Accounting Operations, Michigan Bell (7/68 – 6/71)**

Performed maintenance and development work in a variety of programming languages for the corporate billing and accounting systems.

Ms. Osborne holds an MBA from the Michigan State Advanced Management Program, and a Bachelor of Science in mathematics from Central State University. She has completed extensive education in computer systems management, executive education, and quality deployment.

## Keith Machen, Esq.

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Mr. Machen is an attorney and a business development professional with over ten years experience in the legal and business community. He has extensive experience in the telecommunications industry, including the interactive services, internet, control systems, and information content areas. He is versed in several facets of the regulatory/legal aspects of telecommunications, including MFJ issues, the 1996 Telecommunications Act, technical contract execution, acquisitions, and intellectual property. He has held positions in a boutique legal practice, where he executed several transactions in the information and broadcasting industries. Mr. Machen has also served as manager of business development in the Information Industry Services Unit of Ameritech, where he developed several new lines of business. An overview of Mr. Machen's follows:

### **Vice President and General Counsel, Ntegrity Telecontent Services, Inc. (3/96 - Present)**

Developed a business plan to enter the telecommunications industry as a bundled service provider, with an emphasis on long distance resale. Personally architected legal strategies to leverage tariffs of partners to facilitate entry into national markets, while protecting the title to customers. Negotiated multiple contracts in preparation for the launch of business via acquisition. Created investment banking relationships to secure funding. Designed contract enforcement strategies to address customer attrition effectively.

### **Manager of Business Development - Information Industry Services (2/95 - 3/96)**

Managed the business development activities for a business unit dedicated to selling telecommunications services to third party information providers such as centrex, paging and cellular resellers; on-line services and internet firms; alarm and CATV companies; and, multimedia software companies. Executed business strategies to enter the multimedia software, energy monitoring, directory publishing, internet content, and resale businesses. During tenure as manager of the business development unit, revenues grew by over 70%. Facilitated business development opportunities for joint ventures with a large electric utility designed to create utility management products and services, including automatic meter reading, competitive pricing, load control, and many other telecommunications enabled services. Advised legal staff in the formulation of strategy to leverage the Telecommunications Act of 1996. Developed an intimate familiarity with legal/regulatory issues, especially incidental long distance and resale areas.

### **Associate - Pugh, Jones & Johnson, P.C. (6/92 - 2/95)**

Served as outside counsel for businesses in many commercial transactions, including over 25 separate transactions for telecommunications companies, e.g. AT&T. Specifically represented AT&T on every commercial lease transaction within a six state region. Also represented start-up broadcasting companies on the acquisition radio station properties. Performed various legal functions in the corporate, and small business environment, including, but not limited to, employment issues, real estate issues, regulatory issues, tax matters, finance transactions, and acquisition planning.

### **Associate - Baker & Hostetler (5/89 - 2/92)**

Practiced within the intellectual property, trademark & copyright, and general litigation areas. Advised clients in the legal enforcement of intellectual property infringement. Closed numerous corporate transactions, and real estate transactions.

### **Financial Analyst - First Capital Financial Corporation (10/84 - 5/86)**

Prepared Securities and Exchange Commission filings, analyzed performance of partnerships. Prepared financial information for clients including tax returns, and periodic financial statements.

Mr. Machen holds a BS in Management with a concentration in accounting from Purdue University, and a Jurist Doctorate from the University of Michigan. He is actively involved in his community. He is a former Illinois Medical Center Commission, the largest urban medical center in the world, by Governor Edgar in 1994.

**EARLY, LENNON, PETERS & CROCKER, P.L.C.**

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PATRICK D. CROCKER  
ANDREW J. VORBRICHT†  
ROBERT G. LENNON††

† Also admitted in Iowa  
†† Also admitted in New York, Illinois and Washington, D.C.

OF COUNSEL  
VINCENT T. EARLY  
THOMPSON BENNETT  
JOHN T. PETERS, JR.  
JOSEPH J. BURGIE  
(1926 - 1982)

DEPOSIT DATE  
D343 AUG 08 2000 August 4, 2000

001082-TX

Mr. Walter D'Haeseleer  
Director Division of Communications  
Florida Public Service Commission  
2540 Shumard Oak Blvd  
Tallahassee FL 32399-0688

DEPOSIT DATE  
D343 AUG 08 2000

Re: Ntegrity Telecontent Services, Inc.

Dear Mr. D'Haeseleer:

Enclosed herewith for filing with the Commission, please find an original and 6 (six) copies of the above captioned corporation's APPLICATION FOR AUTHORITY TO PROVIDE ALTERNATIVE LOCAL EXCHANGE SERVICE WITHIN THE STATE OF FLORIDA, along with a check in the amount of \$250.00 to cover filing fees relating to same.

Also enclosed is an exact duplicate of this filing. Please stamp the duplicate received and return same in the self-addressed stamped envelope attached thereto.

DOCUMENT FILED - DATE  
09597 AUG -98  
FPSC-REG OFCS/REPORTING

**NTEGRITY TELECONTENT SERVICES, INC.**  
250 SOUTH PRESIDENT STREET  
BALTIMORE, MD 21202

CHEVY CHASE BANK  
CHEVY CHASE, MARYLAND 20815  
65-7198/2550 - 175

2312

DATE AMOUNT  
7/31/00 \$250

PAY Two Hundred Fifty and 00/100 dollars

TO THE ORDER OF Florida Public Service Commission

TWO SIGNATURES REQUIRED OVER \$1,000.00

*[Signature]*

AUTHORIZED SIGNATURE

⑈002312⑈