



Public Service Commission

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

DATE: August 29, 2000

TO: Blanco Bayo, Director, Division of Records and Reporting

FROM: Toni J. McCoy, Regulatory Analyst, Division of Regulatory Oversight

SUBJECT: Docket No. ^{DDD417-TX} ~~000471-TX~~

Please add the attached letter and revised application to the docket file.

Call me if you have any questions, I can be reached at 850/413-6532.

Thank you.

- APP _____
- CAF _____
- CMP _____
- COM _____
- CTR _____
- ECR _____
- LEG _____
- OPC _____
- PAI _____
- RGO _____
- SEC I
- SER _____
- OTH Blay

Cy Nonnye

Docket Closed

8/28/00

Done 8/31/00

DOCUMENT NUMBER-DATE

10740 AUG 30 00

FPSC-RECORDS/REPORTING

MAX W. ELL, BAKER & McFATRIDGE, P.C.

ATTORNEYS AT LAW
2525 SOUTH SHORE BLVD., SUITE 410
LEAGUE CITY, TEXAS 77573

KYLE L. DICKSON

Shareholder
kdickson@maxwellbaker.com

TELEPHONE (281) 521-2000
FACSIMILE (281) 521-2010

GALVESTON OFFICE (409) 765-7446
FACSIMILE (409) 762-8519

APR 27 PM 3:56
FLORIDA
PUBLIC SERVICE COMMISSION
DIV. OF TELECOMMUNICATIONS

April 25, 2000

VIA FEDERAL EXPRESS

Florida Public Service Commission
Attn: Toni McCoy, Regulatory Analyst
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0866

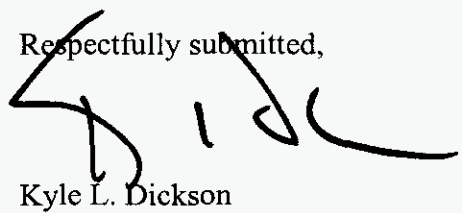
Re: *Docket No. 000417-TX; Application of Basicphone, Inc., for Authority to Provide Alternative Local Exchange Service Within the State of Florida.*

Dear Toni:

Enclosed herewith for filing on behalf of *Basicphone, Inc.*, please find an original and six (6) copies of its Application for Authority to Provide Alternative Local Exchange Services within the State of Florida using the most current online ALEC Application format. Please substitute for the Application that was filed previously on April 6, 2000.

Please date-stamp the extra copy and return to the undersigned in the self-addressed stamped envelope provided. If you have any questions, please contact me at (281) 521-2000.

Respectfully submitted,



Kyle L. Dickson

Enclosures

S:\WPDOCS\KLD\Telecom Clients\BASICPHO\Applications\floridapuc.2400.wpd

APR 27 AM 10:53
MAIL ROOM

APPLICATION

1. This is an application for (check one):
- Original certificate** (new company).
 - Approval of transfer of existing certificate:** Example, a non-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 approve the new controlling entity.

2. Name of company:

Basic Phone, Inc.

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

Basic Phone, Inc.

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

2207 MacArthur

P. O. Box 220

Orange, Texas 77631

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

1200 South Pine Island Road

Plantation, Florida 33324

6. Structure of organization:

- () Individual () Corporation
(x) Foreign Corporation () Foreign Partnership
() General Partnership () Limited Partnership
() Other _____

7. **If individual**, provide:

Name: _____ N/A _____

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:**

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

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

FOOOOOOO1054

10. **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: N/A _____

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:** _____

14. Provide **F.E.I. Number**(if applicable): _____

15. Indicate if any of the officers, directors, 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

(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.

None.

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

(a) The application:

Name: Kyle L. Dickson

Title: Attorney for Basic Phone, Inc.

Address: 2525 South Shore Blvd., Suite 410

City/State/Zip: League City, Texas 77573

Telephone No.: (281) 521-2000 **Fax No.:** (281) 521-2010

Internet E-Mail Address: kdickson@maxwellbaker.com

Internet Website Address:

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

Name: Warren J. Landry, Jr.

Title: President

Address: 2207 MacArthur, P. O. Box 220

City/State/Zip: Orange, Tx 77631

Telephone No.: (409) 883-3311 **Fax No.:**

Internet E-Mail Address:

Internet Website Address: _____

(c) Complaints/Inquiries from customers:

Name: Shari Ernst

Title: Operations Manager

Address: 2207 MacArthur, P. O. Box 220

City/State/Zip: Orange, Texas 77631

Telephone No.: (409)883-3311 **Fax No.:** (409) 883-7433

Internet E-Mail Address: basicphone@pnx.com

Internet Website Address: _____

17. List the states in which the applicant:

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

Arkansas, Kansas, Louisiana, Mississippi, Missouri and Oklahoma

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

Nevada

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

Arkansas, Kansas, Louisiana, Mississippi, Missouri and Oklahoma.

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

Applicant has not been denied authority

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

None.

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

No.

18. 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 includes 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.
- B. Managerial capability: give resumes of employees/officers of the company that would indicate sufficient managerial experiences of each.
- 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.

EXPLANATION OF FINANCIAL CAPABILITY

Applicant is in all respects financially qualified to provide the services it proposes as required and has the necessary capital to conduct its operations in Florida. Attached are copies of Applicant's most recent unaudited financial statements and balance sheets.

**** APPLICANT ACKNOWLEDGMENT STATEMENT ****

1. **REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of 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:

<u><i>[Signature]</i></u>	<u>4-21-00</u>
Signature	Date
<u>President</u>	<u>409-883-3311</u>
Title	Telephone No.
Address: <u>P.O. Box 220</u>	<u>409-883-7433</u>
<u>ORANGE TX 77631</u>	Fax No.

ATTACHMENTS:

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

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:

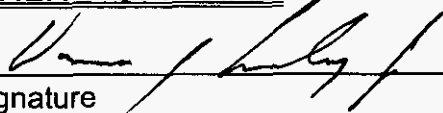
Signature	<u></u>	Date	<u>4-21-00</u>
Title	<u>President</u>	Telephone No.	<u>409-883-3311</u>
Address:	<u>P.O. Box 220</u>	Fax No.	<u>409-883-7433</u>
	<u>ORANGE TX 77631</u>		

EXHIBIT "A"

**CERTIFICATE OF AUTHORITY TO DO
BUSINESS IN THE STATE OF FLORIDA**



FLORIDA DEPARTMENT OF STATE

Katherine Harris
Secretary of State

February 28, 2000

C T CORPORATION SYSTEM

TALLAHASSEE, FL

Qualification documents for BASIC PHONE, INC. were filed on February 28, 2000 and assigned document number F0000001054. Please refer to this number whenever corresponding with this office.

Your corporation is now qualified and authorized to transact business in Florida as of the file date.

A corporation annual report/uniform business report will be due this office between January 1 and May 1 of the year following the calendar year of the file date. A Federal Employer Identification (FEI) number will be required before this report can be filed. If you do not already have an FEI number, please apply NOW with the Internal Revenue by calling 1-800-829-3676 and requesting form SS-4.

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

Should you have any questions regarding this matter, please telephone (850) 487-6091, the Foreign Qualification/Tax Lien Section.

Buck Kohr
Corporate Specialist
Division of Corporations

Letter Number: 600A00010736

APPLICATION BY FOREIGN CORPORATION FOR AUTHORIZATION TO TRANSACT BUSINESS IN FLORIDA

IN COMPLIANCE WITH SECTION 607.1503, FLORIDA STATUTES, THE FOLLOWING IS SUBMITTED TO REGISTER A FOREIGN CORPORATION TO TRANSACT BUSINESS IN THE STATE OF FLORIDA.

FILED IN THE DEPARTMENT OF STATE DIVISION OF CORPORATIONS FEB 28 PM 2:16

1. Basic Phone, Inc.

(Name of corporation; must include the word "INCORPORATED", "COMPANY", "CORPORATION" or words or abbreviations of like import in language as will clearly indicate that it is a corporation instead of a natural person or partnership if not so contained in the name at present.)

2. Texas

(State or country under the law of which it is incorporated)

3. 76-0521740

(FEI number, if applicable)

4. 11/14/96

(Date of incorporation)

5. Perpetual

(Duration: Year corp. will cease to exist or "perpetual")

6. upon qualification

(Date first transacted business in Florida.) (SEE SECTIONS 607.1501, 607.1502 and 817.155, F.S.)

7. P.O. Box 220

Orange, TX 77631

(Current mailing address)

8. Telecommunication

(Purpose(s) of corporation authorized in home state or country to be carried out in state of Florida)

9. Name and street address of Florida registered agent: (P.O. Box or Mail Drop Box NOT acceptable)

Name: C T Corporation System

Office Address: 1200 South Pine Island Road

Plantation, Florida, 33324

(Zip code)

10. Registered agent's acceptance:

Having been named as registered agent and to accept service of process for the above stated corporation at the place designated in this application, I hereby accept the appointment as registered agent and agree to act in this capacity. I further agree to comply with the provisions of all statutes relative to the proper and complete performance of my duties, and I am familiar with and accept the obligations of my position as registered agent.

C T Corporation System

Victor Alfano

(Registered agent's signature)

VICTOR ALFANO ASSISTANT SECRETARY

11. Attached is a certificate of existence duly authenticated, not more than 90 days prior to delivery of this application to the Department of State, by the Secretary of State or other official having custody of corporate records in the jurisdiction under the law of which it is incorporated.

12. Names and addresses of officers and/or directors: (Street address ONLY - P.O. Box NOT acceptable)

A. DIRECTORS (Street address only - P.O. Box NOT acceptable)

Chairman: Warren J. Landry, Jr.

Address: 2207 MacArthur Drive

Orange, TX 77630

Vice Chairman: _____

Address: _____

Director: Sonda Landry

Address: 2207 MacArthur Drive

Orange, TX 77630

Director: _____

Address: _____

B. OFFICERS (Street address only - P.O. Box NOT acceptable)

President: Warren J. Landry, Jr.

Address: 2207 MacArthur Dr.

Orange, TX 77630

Vice President: _____

Address: _____

Secretary: Sonda Landry

Address: 2207 MacArthur Dr.

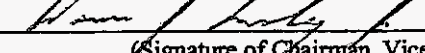
Orange, TX 77630

Treasurer: Sonda Landry

Address: 2207 MacArthur Dr.

Orange, TX 77630

NOTE: If necessary, you may attach an addendum to the application listing additional officers and/or directors.

13. 
(Signature of Chairman, Vice Chairman, or any officer listed in number 12 of the application)

14. Warren J. Landry, Jr., President
(Typed or printed name and capacity of person signing application)

00 FEB 28 PM 2:16
STATE OF TEXAS
COMMISSIONERS OF CORPORATIONS

EXHIBIT "B"

BALANCE SHEET

INCOME STATEMENT

STATEMENT OF RETAINED EARNINGS FOR 3 YEARS

Year End

BASICPHONE, INC.
Income Statement
 From November 1, 1999 Through November 30, 1999
 Last Seq. #: 194

TEXAS

Wm. H. Holt
3-27-00

===== Sales =====	PTD Post	%Sales	Budget	%Budg	YTD Post
Sales					
Sales - Basic residential	131,416.54	38.0	0	N/A	943,745.15
Sales - Business line	340.39	0.1	0	N/A	14,271.21
Sales - Options (taxable)	49,481.52	14.3	0	N/A	457,991.25
Sales - Set up	0.00	N/A	0	N/A	0.00
Sales - Equipment	0.00	N/A	0	N/A	0.00
Sales - Repairs	0.00	N/A	0	N/A	0.00
Sales - Miscellaneous	146,068.15	42.2	0	N/A	1,488,246.20
Sales - LD cards	0.00	N/A	0	N/A	0.00
Sales - 911	1,973.79	0.6	0	N/A	12,948.73
Sales - FCC	13,375.05	3.9	0	N/A	89,597.32
SALES - NPC	3,267.85	0.9	0	N/A	12,677.77
Total Sales	345,923.29	100.0	0	N/A	3,019,477.63
==== Cost of Goods Sold =====					
Cost of Sales					
Direct costs - Telephone	248,309.09	71.8	0	N/A	1,261,254.77
DIRECT COST-TELEPHONE RES	0.00	N/A	0	N/A	0.00
DIRECT COST-TELEPHONE RES	0.00	N/A	0	N/A	0.00
DIRECT COST-TELEPHONE RES	0.00	N/A	0	N/A	0.00
Telephone equipment resol	0.00	N/A	0	N/A	0.00
Service sub-contractors	0.00	N/A	0	N/A	0.00
LD card - Resold	1,468.37	0.4	0	N/A	25,329.07
DIRECT COST - SALES TAX	0.00	N/A	0	N/A	0.00
DIRECT COST - FEDERAL EXC	0.00	N/A	0	N/A	0.00
Total Cost of Sales	249,777.46	72.2	0	N/A	1,286,583.84
Gross Margin	96,145.83	27.8	0	N/A	1,732,893.79
===== Expenses =====					
Operating Expenses					
Advertising	15,477.85	4.5	0	N/A	180,219.77
Auto	127.93	0.0	0	N/A	1,011.03
Western Union service fee	0.00	N/A	0	N/A	0.00
Bank card fee	0.00	N/A	0	N/A	0.00
Bank service charge	28.07	0.0	0	N/A	909.66
Contract labor	15,984.72	4.6	0	N/A	91,409.57
HANDLING FEES	6,334.79	1.8	0	N/A	88,103.98

BASICPHONE, INC.
Income Statement
 From November 1, 1999 Through November 30, 1999
 Last Seq. #: 194

	PTD Post	%Sales	Budget	%Budg	YTD Post
EMPLOYEE TRAINING-CONT. E	0.00	N/A	0	N/A	0.00
Donations	100.00	0.0	0	N/A	322.00
Business club dues	128.14	0.0	0	N/A	2,242.26
Depreciation	0.00	N/A	0	N/A	0.00
Bad checks	0.00	N/A	0	N/A	0.00
Bad debt - charge off	0.00	N/A	0	N/A	4,429.81
THEFT-LOSS	-140.00	0.0	0	N/A	17,407.77
Officers bonuses	0.00	N/A	0	N/A	0.00
Insurance	1,003.86	0.3	0	N/A	13,465.41
Interest	0.00	N/A	0	N/A	2,865.10
Answering service	113.90	0.0	0	N/A	962.32
Office equipment support	1,500.00	0.4	0	N/A	22,532.78
Office supplies	8,402.29	2.4	0	N/A	52,970.13
Rent & lease	8,230.00	2.4	0	N/A	69,735.00
Professional & legal fees	2,227.13	0.6	0	N/A	22,097.76
Office equipment	1,971.00	0.6	0	N/A	77,921.98
Social security	-2,656.23	(0.8)	0	N/A	-3,697.82
Medicare	-579.13	(0.2)	0	N/A	-868.45
LOUISIANA STATE W/HOLDING	-52.48	0.0	0	N/A	-52.48
Child support	0.00	N/A	0	N/A	0.00
Payroll taxes	2,741.45	0.8	0	N/A	26,959.51
Taxes -	29.57	0.0	0	N/A	16,929.63
911 fees	2,584.72	0.7	0	N/A	32,559.23
Supplies	293.14	0.1	0	N/A	42,730.53
Permits	0.00	N/A	0	N/A	4.00
Publications	80.96	0.0	0	N/A	2,863.60
Telephone service used	5,198.14	1.5	0	N/A	46,736.22
Entertainment	183.31	0.1	0	N/A	4,124.43
Traveling	801.27	0.2	0	N/A	7,691.63
Repairs	0.00	N/A	0	N/A	34,424.01
Customer refund	155.81	0.0	0	N/A	4,865.85
Utilities	1,040.16	0.3	0	N/A	9,934.87
Security	0.00	N/A	0	N/A	8,123.36
Management fees	0.00	N/A	0	N/A	0.00
Salaries & wages - Texas	75,694.04	21.9	0	N/A	395,746.00
Salaries & Wages - Louisi	2,813.50	0.8	0	N/A	7,285.50
Contract labor	0.00	N/A	0	N/A	-4,387.43
Miscellaneous	769.40	0.2	0	N/A	2,720.05
Over & short	33.99	0.0	0	N/A	84.96

BASICPHONE, INC.
Income Statement
 From November 1, 1999 Through November 30, 1999
 Last Seq. #: 194

	<u>PTD Post</u>	<u>%Sales</u>	<u>Budget</u>	<u>%Budg</u>	<u>YTD Post</u>
Total Expenses	150,621.30	43.5	0	N/A	1,261,383.43
==== Other Income ====					
Other Income					
Loss on sale of assets	0.00	N/A	0	N/A	0.00
Miscellaneous income	0.00	N/A	0	N/A	20.01
Interest income	604.18	0.2	0	N/A	3,632.29
Total Other Income	<u>604.18</u>	<u>0.2</u>	<u>0</u>	<u>N/A</u>	<u>3,652.30</u>
Gross Income Before Taxes	<u>-53,871.29</u>	<u>(15.6)</u>	<u>0</u>	<u>N/A</u>	<u>475,162.66</u>
===== Taxes =====					
Taxes					
Federal income tax expens	40,000.00	11.6	0	N/A	77,760.00
Total Taxes	<u>40,000.00</u>	<u>11.6</u>	<u>0</u>	<u>N/A</u>	<u>77,760.00</u>
Net Income After Taxes	<u><u>-93,871.29</u></u>	<u><u>(27.1)</u></u>	<u><u>0</u></u>	<u><u>N/A</u></u>	<u><u>397,402.66</u></u>

BASICPHONE, INC.
Balance Sheet
As Of November 30, 1999
Last Seq. #: 194

	<u>Balance</u>	<u>Budget</u>	<u>%Budg</u>
===== Assets =====			
Cash on hand	540.00	0	N/A
Cash - Orange Savings Bank	-23,188.02	0	N/A
BALANCE TRANSFERS FROM ARKANSAS GL	-2,996.46	0	N/A
BALANCE TRANSFERS FROM KANSAS GL	-193.47	0	N/A
BALANCE TRANSFER FROM OKLA GL	13.37	0	N/A
Austin-A/R In Transit	1,404.00	0	N/A
AUSTIN OFFICE - A/R IN TRANSIT	0.00	0	N/A
Bay City - A/R IN-TRANSIT	16,820.38	0	N/A
Baytown - A/R IN-TRANSIT	5,609.79	0	N/A
Beaumont - A/R IN-TRANSIT	0.00	0	N/A
CENTER - A/R IN TRANSIT	1,033.49	0	N/A
Cash - BUNA A/R IN TRANSIT	0.00	0	N/A
EAGLE PASS-A/R IN TRANSIT	0.00	0	N/A
Cash - FREEPORT AGT TEXAS GULF BANK	0.00	0	N/A
Corporate Office - A/R IN-TRANSIT	0.00	0	N/A
GWLKC-A/R IN TRANSIT	0.00	0	N/A
CASH-FIRST STATE BANK/HEMPHILL AGT	3,682.15	0	N/A
Hempstead - A/R IN-TRANSIT	0.00	0	N/A
KILLEEN - A/R IN TRANSIT	3,496.40	0	N/A
GWH1-JENSEN - A/R IN TRANSIT	0.00	0	N/A
GWH2-J.RALSTON - A/R IN TRANSIT	0.00	0	N/A
GWH3 TELEPHONE RD - A/R IN TRANSIT	0.00	0	N/A
GWH4-LITTLE YORK-A/R IN TRANSIT	0.00	0	N/A
GW FONDREN - A/R IN TRANSIT	0.00	0	N/A
A/R IN TRANSIT-UNCLEARED DEPOSITS	0.00	0	N/A
LIVINGSTON AGT - A/R IN TRANSIT	1,044.21	0	N/A
Orange - A/R IN-TRANSIT	0.00	0	N/A
Palestine - A/R IN-TRANSIT	0.00	0	N/A
Port Arthur - A/R IN-TRANSIT	3,192.69	0	N/A
San Antonio - A/R IN-TRANSIT	0.00	0	N/A
CASH - COMMUNITY BANK	4,340.66	0	N/A
Tyler - A/R IN-TRANSIT	8,666.44	0	N/A
VIDOR - A/R IN TRANSIT	574.40	0	N/A
Western Union - A/R IN-TRANSIT	1,040.50	0	N/A
SAVINGS - ORANGE SAVINGS BANK	40,514.36	0	N/A
Cash - Harlingen Bank	8,700.71	0	N/A
Cash - Jasper Banking Center	8,606.22	0	N/A
TRANSIT TX BPHONE LA.	41,109.94	0	N/A
Accounts receivable	276,259.20	0	N/A
Total Current Assets	400,270.96	0	N/A
Office equipment	69,923.13	0	N/A

BASICPHONE, INC.
Balance Sheet
As Of November 30, 1999
Last Seq. #: 194

	Balance	Budget	%Budg
Automobiles	62,232.55	0	N/A
Leasehold improvements	0.00	0	N/A
Reserve for depreciation	-37,368.88	0	N/A
Total Fixed Assets	94,786.80	0	N/A
Intangibles	0.00	0	N/A
Amortizable costs	0.00	0	N/A
Amortization	0.00	0	N/A
Total Other Assets	0.00	0	N/A
Total Assets	495,057.76	0	N/A
===== Liabilities =====			
Accounts payable	2,129.64	0	N/A
Withholding taxes	12,823.62	0	N/A
LOUISIANA STATE W/HOLDINGS	0.00	0	N/A
EARNED INCOME CREDIT ADVANCE	0.00	0	N/A
Texas sales tax payable	42,057.27	0	N/A
Insurance deduction	0.00	0	N/A
Federal excise tax payable	0.00	0	N/A
NECA TXUSF	0.00	0	N/A
Notes payable - SOUTH TRUST BANK	33,134.58	0	N/A
Total Current Liabilities	90,145.11	0	N/A
Notes payable - Stockholder	1,000.00	0	N/A
Total Long Term Liabilities	1,000.00	0	N/A
Total Liabilities	91,145.11	0	N/A
===== Equity =====			
Common stock	0.00	0	N/A
Year to date profit/loss	0.00	0	N/A
Retained earnings	403,912.65	0	N/A
Suspense Account	0.00	0	N/A
Total Equity	403,912.65	0	N/A
Total Liabilities and Equity	495,057.76	0	N/A

Year End

BASIC PHONE OF LOUISIANA
Income Statement
From November 1, 1999 Through November 30, 1999
Last Seq. #: 65

*Warr / City of
3-27-00*

===== Sales =====	PTD Post	%Sales	Budget	%Budg	YTD Post
Sales					
Sales - Basic residential	18,556.69	45.7	0	N/A	55,731.99
Sales - Business line	0.00	N/A	0	N/A	0.00
Sales - Options (taxable)	7,245.18	17.9	0	N/A	26,083.29
Sales - Set up	0.00	N/A	0	N/A	0.00
Sales - Equipment	0.00	N/A	0	N/A	0.00
Sales - Repairs	0.00	N/A	0	N/A	0.00
Sales - Miscellaneous	12,268.86	30.2	0	N/A	108,634.61
Sales - LD cards	0.00	N/A	0	N/A	0.00
Sales - 911	401.13	1.0	0	N/A	1,184.42
Sales - FCC	1,840.82	4.5	0	N/A	5,503.77
NUMBER PORTABILITY CHARGE	259.32	0.6	0	N/A	1,027.88
Total Sales	40,572.00	100.0	0	N/A	198,165.96
==== Cost of Goods Sold ====					
Cost of Sales					
Direct costs - Telephone	21,973.61	54.2	0	N/A	114,665.52
Telephone equipment resol	0.00	N/A	0	N/A	0.00
Service sub-contractors	0.00	N/A	0	N/A	0.00
LD card - Resold	0.00	N/A	0	N/A	82.50
DIRECT COST - SALES TAX	0.00	N/A	0	N/A	0.00
DIRECT COST - FEDERAL EXC	0.00	N/A	0	N/A	0.00
Total Cost of Sales	21,973.61	54.2	0	N/A	114,748.02
Gross Margin	18,598.39	45.8	0	N/A	83,417.94
===== Expenses =====					
Operating Expenses					
Advertising	7,485.00	18.4	0	N/A	32,023.44
Auto	0.00	N/A	0	N/A	0.00
Western Union service fee	0.00	N/A	0	N/A	0.00
Bank card fee	0.00	N/A	0	N/A	0.00
Bank service charge	115.49	0.3	0	N/A	874.77
Contract labor	0.00	N/A	0	N/A	1,861.32
HANDLING FEES	919.02	2.3	0	N/A	5,888.51
EMPLOYEE TRAINING-CONT. E	0.00	N/A	0	N/A	0.00
Donations	0.00	N/A	0	N/A	0.00
Business club dues	0.00	N/A	0	N/A	0.00

BASIC PHONE OF LOUISIANA
Income Statement
From November 1, 1999 Through November 30, 1999
Last Seq. #: 65

	PTD Post	%Sales	Budget	%Budg	YTD Post
Depreciation	0.00	N/A	0	N/A	0.00
Bad checks	0.00	N/A	0	N/A	0.00
Bad debt - charge off	-1,628.13	(4.0)	0	N/A	5,350.06
Officers bonuses	0.00	N/A	0	N/A	0.00
Insurance	0.00	N/A	0	N/A	2,000.00
Interest	0.00	N/A	0	N/A	0.00
Answering service	0.00	N/A	0	N/A	0.00
Office equipment support	0.00	N/A	0	N/A	0.00
Office supplies	0.00	N/A	0	N/A	391.45
Rent & lease	1,000.00	2.5	0	N/A	5,400.00
Professional & legal fees	0.00	N/A	0	N/A	50.00
Office equipment	0.00	N/A	0	N/A	627.00
Social security	0.00	N/A	0	N/A	0.00
Medicare	0.00	N/A	0	N/A	0.00
Child support	0.00	N/A	0	N/A	0.00
Payroll taxes	0.00	N/A	0	N/A	0.00
Taxes -	0.00	N/A	0	N/A	10.00
911 fees	0.00	N/A	0	N/A	0.00
Supplies	12.64	0.0	0	N/A	536.23
Permits	0.00	N/A	0	N/A	0.00
Publications	0.00	N/A	0	N/A	0.00
Telephone service used	0.00	N/A	0	N/A	0.00
TRANSFER TX BPHONE TO LA	0.00	N/A	0	N/A	0.00
Entertainment	0.00	N/A	0	N/A	0.00
Traveling	0.00	N/A	0	N/A	0.00
Repairs	0.00	N/A	0	N/A	0.00
Customer refund	201.43	0.5	0	N/A	777.88
Utilities	137.15	0.3	0	N/A	534.37
Security	0.00	N/A	0	N/A	930.00
Management fees	0.00	N/A	0	N/A	0.00
Salaries & wages	0.00	N/A	0	N/A	0.00
Contract labor	0.00	N/A	0	N/A	154.00
Miscellaneous	0.00	N/A	0	N/A	0.00
Over & short	0.00	N/A	0	N/A	-0.89
Total Expenses	8,242.60	20.3	0	N/A	57,408.14
===== Other Income =====					
Other Income					
Loss on sale of assets	0.00	N/A	0	N/A	0.00
Miscellaneous income	0.00	N/A	0	N/A	0.01
Interest income	0.00	N/A	0	N/A	0.00

BASIC PHONE OF LOUISIANA
Income Statement
 From November 1, 1999 Through November 30, 1999
 Last Seq. #: 65

	<u>PTD Post</u>	<u>%Sales</u>	<u>Budget</u>	<u>%Budg</u>	<u>YTD Post</u>
Total Other Income	0.00	N/A	0	N/A	0.01
Gross Income Before Taxes	10,355.79	25.5	0	N/A	26,009.81
===== Taxes =====					
Taxes					
Federal income tax expens	0.00	N/A	0	N/A	0.00
Total Taxes	0.00	N/A	0	N/A	0.00
Net Income After Taxes	10,355.79	25.5	0	N/A	26,009.81

BASIC PHONE OF LOUISIANA
Balance Sheet
As Of November 30, 1999
Last Seq. #: 65

	Balance	Budget	%Budg
===== Assets =====			
Cash on hand	100.00	0	N/A
Cash - Orange Savings Bank	0.00	0	N/A
Bay City - A/R IN-TRANSIT	0.00	0	N/A
Baytown - A/R IN-TRANSIT	0.00	0	N/A
Beaumont - A/R IN-TRANSIT	0.00	0	N/A
Corporate Office - A/R IN-TRANSIT	0.00	0	N/A
Hemphill - A/R IN-TRANSIT	0.00	0	N/A
Hempstead - A/R IN-TRANSIT	0.00	0	N/A
Orange - A/R IN-TRANSIT	140.23	0	N/A
Palestine - A/R IN-TRANSIT	0.00	0	N/A
Port Arthur - A/R IN-TRANSIT	0.00	0	N/A
San Antonio - A/R IN-TRANSIT	0.00	0	N/A
Silsbee - A/R IN-TRANSIT	0.00	0	N/A
Tyler - A/R IN-TRANSIT	0.00	0	N/A
Western Union - A/R IN-TRANSIT	150.40	0	N/A
Cash - Harlingen Bank	0.00	0	N/A
Cash - Jasper Banking Center	0.00	0	N/A
Accounts receivable	38,878.24	0	N/A
TRANSFER TX BPHONE TO LA	-38,320.09	0	N/A
CASH - HIBERNIA	14,535.88	0	N/A
RACELAND - A/R IN-TRANSIT	3,450.96	0	N/A
CASH-BANK ONE RUSTON AGENT	8,679.12	0	N/A
WINSBORO - A/R IN-TRANSIT	417.02	0	N/A
LAKE CHARLES - A/R IN-TRANSIT	0.00	0	N/A
MONROE EDS - A/R IN-TRANSIT	1,920.71	0	N/A
BUNA - A/R IN-TRANSIT	0.00	0	N/A
WESTERN UNION - A/R IN-TRANSIT	0.00	0	N/A
LAFAYETTE - A/R IN TRANSIT	0.00	0	N/A
TALLULAH-A/R IN-TRANSIT	1,097.43	0	N/A
LOCKBOX - HIBERNIA	0.00	0	N/A
ST. MARTINVILLE - A/R IN TRANSIT	207.07	0	N/A
ABBEYVILLE - A/R IN TRANSIT	108.07	0	N/A
MONROE FF - A/R IN TRANSIT	1,430.89	0	N/A
RAYVILLE-A/R IN TRANSIT	350.74	0	N/A
DERIDDER - A/R IN TRANSIT	1,332.43	0	N/A
LCKGW - A/R IN TRANSIT	2,018.96	0	N/A
CROWLEY - A/R IN TRANSIT	1,651.03	0	N/A
LAFAYETTE OFFICE-A/R IN TRANSIT	0.00	0	N/A
NEW IBERIA - A/R IN TRANSIT	0.00	0	N/A
Total Current Assets	38,149.09	0	N/A
Office equipment	0.00	0	N/A

BASICPHONE, INC.
APPLICANT'S KEY PERSONNEL

Management Personnel

Warren Landry, Jr., Chairman of the Board and President, has been associated with the parent company since its formation in 1991. From 1987 to 1995, he was an owner operator of Landry's Rent-to-Own, Inc. of Orange, Texas, a retailer and lessor of consumer appliances and furniture, and a reseller of telecommunication services for paging and cellular telephones. He has been in the retail/service industry since 1977.

Sonda Landry is the Treasurer and Administrative Manager of the parent company and retains that role in Basicphone. She has been associated with the company since 1995.

Technical

Basicphone has entered into an agreement wherein technical services such as installation will be provided on a contractual arrangement by Lone Star Telephone, Inc., of Beaumont, Texas, a local marketer and installer of telephone equipment.

The service manager of Lone Star is James Smith, who has been employed in the telecommunications field for approximately eleven years.

Further, Basicphone has agreements with Southwestern Bell in which that company has offered to provide field technical services to Basicphone at its standard published rates for such services.

Services

Basicphone and its parent, Landry's Rent-To-Own, Inc. have sought to serve that segment of the consumer market that traditionally has little or no access to conventional credit sources. This part of the population is generally evaluated as high-risk credit. Basicphone is seeking to provide telephone service to those who have been denied telephone service to have lost it due to credit problems. Basicphone's aim is to provide telephone access to those who do not have it and can't get it. In pursuing this marketing approach, Basicphone will be providing service to a segment of the market that is presently not served by the existing carrier, Southwestern Bell, due to the inability of the customer base to qualify as creditworthy.

Basicphone plans to offer a service tailored on the premise of telephone subscribers unable to meet credit criteria, and for whom it is inefficient for the large integrated carriers to offer close credit watch upon. By agreeing, in effect, to act as guarantor of the credit in exchange for pre-payment of service, Basicphone will allow for telephone service to those who will not otherwise have access to it.