

Telecommunications  
E Commerce  
Technology  
Corporate & Finance  
Trademarks  
Proprietary Rights  
Complex Litigation  
General Business Law

# The Helein Law Group, P.C.

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Suite 700  
McLean, VA 22102

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Global Telecompetition Consultants, Inc. (GTC)  
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Writer's Direct Dial Number

(703) 714-1313

DISTRIBUTION CENTER

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Writer's E-mail Address

jsm@thglaw.com

October 11, 2002

## VIA OVERNIGHT DELIVERY

Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Check received with filing and forwarded  
to Fiscal for deposit. Fiscal to forward  
deposit information to Records.

Initials of person who forwarded check

021050-TI

**Re: *Communicate Technological Systems, LLC's Application for Authority to Provide Interexchange Telecommunications Service Within the State of Florida***

Ladies and Gentlemen:

Enclosed are an original and twelve (12) copies of Communicate Technological Systems, LLC's ("CTS") Application for Authority to Provide Interexchange Telecommunications Service Within the State of Florida. CTS is a non-facilities based reseller of 1+, toll free access, and calling card telecommunications services. Also enclosed is the filing fee of \$250.00 made payable to the Florida Public Service Commission.

An extra copy of this filing is enclosed. Please date-stamp and return the extra copy in the self-addressed, stamped envelope provided. If you have any questions regarding this application please contact me at the number listed above.

Sincerely,

Jonathan S. Marashlian

Enclosures

RECEIVED & FILED  
  
FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

11097 OCT 14 08

FPSC-COMMISSION CLERK

STERLING BANK  
P.O. BOX 60553  
HOUSTON, TX 77260-0553

8913

COMMUNICATE TECHNOLOGICAL  
SYSTEMS, LLC  
P.O. BOX 541275  
HOUSTON, TX 77254-1275

88-554/1130  
11

PAY **Two Hundred Fifty Dollars and xx/100**

TO THE  
ORDER OF

DATE  
10/4/2002

AMOUNT  
\$ 250.00

**Florida Public Service Commission**  
Divisions of Records and Reporting  
2540 Shumard Oak Blvd  
Tallahassee, Florida 32399-0850

MEMO Application Fee - Registration # 302A00054654



COMMUNICATE TECHNOLOGICAL SYSTEMS, LLC

8913

**Florida Public Service Commission**  
Divisions of Records and Reporting  
2540 Shumard Oak Blvd  
Tallahassee, Florida 32399-0850

CHECK DATE: 10/4/2002

CHECK AMT: \$ 250.00

CostCtr	File No.	Invoice Date	Amount	Description
ADMHOUTX	302A00054654	10/4/2002	250.00	Application Fee for Communicate Technological Systems LLC

**\*\*FLORIDA PUBLIC SERVICE COMMISSION\*\***  
**DIVISION OF TELECOMMUNICATIONS**  
**BUREAU OF CERTIFICATION AND SERVICE EVALUATION**

Application Form from Authority to Provide  
Interexchange Telecommunications Service  
Between Points Within the State of Florida

021050-TI

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Instructions

- This form is used as an application for an original certificate and for approval of assignment or transfer or an existing certificate. In the case of an assignment of transfer, the information provided shall be for the assignee of transferee (See Appendix A).
- Print or type all responses to each item requested in the applications and appendices. If an item is not applicable, please explain why.
- Use a separate sheet for each answer, which will not fit the allotted space.
- Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of **\$250.00** to:

**Florida Public Service Commission  
Divisions of Records and Reporting  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850  
(850) 413-6770**

Note: **No filing fee is required** for an assignment or transfer or an existing certificate to another certificated company.

- If you have questions about completing the form, contact:

**Florida Public Service Commission  
Divisions of Records and Reporting  
Bureau of Certification and Service Evaluation  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850  
(850) 413-6600**

1. This is an application for  (check one):
- (X) Original Certificate (new company)
- ( ) **Approval of assignment/transfer of existing certificate:**  
Example, a non-certificated company purchases an existing company and desires to retain the certificate of authority rather than apply for a new certificate.
- ( ) **Approval 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:  
Communicate Technological System, LLC. (CTS)
3. Name under which applicant will do business (fictitious name, etc.):  
Communicate Technological System, LLC. (CTS)
4. Official mailing address (including street name & number, post office box, city, state, zip code):  
2646 South Loop West  
Suite 660  
Houston, Texas 77054
5. Florida address (including street name & number, post office box, city, state, zip code):  
Corporation Service Company  
1201 Hay Street, Tallahassee, Florida 32301

6. Select type of business your company will be conducting  (check all that apply):
- Facilities-Based Carrier** - company owns and operates or plans to own and operate telecommunications switches and transmission facilities in Florida.
  - Operator Service Provider** - company provides or plans to provide alternative operator services for IXCs; or toll operator services to call aggregator locations; or clearinghouse services to bill such calls.
  - Reseller** - company has or plans to have one or more switches but primarily leases the transmission facilities of other carriers. Bills its own customer base for services used.
  - Switchless Rebiller** - company has not switch or transmission facilities but may have a billing computer. Aggregates traffic to obtain bulk discounts from underlying carrier. Rebills end users at a rate above its discount but generally below the rate end users would pay for unaggregated traffic.
  - Multi-Location Discount Aggregator** – company contracts with unaffiliated entities to obtain bulk/volume discounts under multi-location discount plans from certain underlying carriers, then offers resold service by enrolling unaffiliated customers.
  - Prepaid Debit Card Provider** – any person or entity that purchases 800 access from an underlying carrier or unaffiliated entity for use with prepaid debit card service and/or encodes the cards with personal identification numbers.

7. 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 checked="" type="checkbox"/> Other <u>Limited Liability Corporation</u> |  |

8. **If individual**, provide:

Name: N/A

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

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

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

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

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

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

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

(a) **The Florida Secretary of State Corporate Registration number:**

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

(a) **The Florida Secretary of State Corporate Registration number:**  
302A00054654 – See Attachment 1

11. **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:** \_\_\_\_\_

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

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

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

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

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

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

14. **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: \_\_\_\_\_  
15. Provide **F.E.I. Number** (if applicable): 76-0564921

16. Provide the following (if applicable):

(a) Will the name of your company appear on the bill for your services?  
(X) Yes ( ) No

(b) If not, who will bill for your services?

Name: N/A

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

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

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

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

(c) How is this information provided?

Via local phone bill.

17. Who will receive the bills for your service?

- |                            |                                      |
|----------------------------|--------------------------------------|
| (X) Residential Customers  | (X) Business Customers               |
| ( ) PATs providers         | ( ) PATs station end-users           |
| ( ) Hotels & motels        | ( ) Hotel & motel guests             |
| ( ) Universities           | ( ) Universities dormitory residents |
| ( ) Other: (specify) _____ |                                      |

18. Who will serve as liaison to the Commission with regard to the following:

(a) The application:

**Name:** Jonathan S. Marashlian

**Title:** Regulatory Counsel – The Helein Law Group

**Address:** 8180 Greensboro Drive, Suite 700

**City/State/Zip:** McLean, VA 22102

**Telephone No.:** (703) 714-1313 **Fax No.:** (703) 714-1330

**Internet E-Mail Address:** ism@thlglaw.com

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

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

**Name:** Arthur W. Jones

**Title:** President

**Address:** 2646 South Loop West, Suite 660

**City/State/Zip:** Houston, TX 77054

**Telephone No.:** (888) 455-9680 **Fax No.:** (713) 838-7153

**Internet E-Mail Address:** awjones@texas.net

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

(c) Complaints/Inquiries from customers:

**Name:** Arthur W. Jones

**Title:** President

**Address:** 2646 South Loop West, Suite 660

**City/State/Zip:** Houston, TX 77054

**Telephone No.:** (888) 455-9680 **Fax No.:** (713) 838-7153



**Internet E-Mail Address:** awjones@texas.net

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

19. List the states in which the applicant:

(a) has operated as an interexchange telecommunications company.

Arkansas, Colorado, Illinois, Indiana, Iowa, Massachusetts,

Michigan, Missouri, New Jersey, New York, Ohio, Pennsylvania,

Texas, Utah

(b) has applications pending to be certificated as an interexchange telecommunications company.

Georgia

(c) is certificated to operate as an interexchange telecommunications company.

Arkansas, Colorado, Illinois, Indiana, Iowa, Massachusetts,

Michigan, Missouri, New Jersey, New York, Ohio, Pennsylvania,

Texas, Utah

(d) has been denied authority to operate as an interexchange telecommunications company and the circumstances involved.

NONE

(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.

NONE

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20. Indicate if any of the officers, directors, or any of the ten largest stockholders have previous 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. If so, please explain.

NO

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- (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

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21. The applicant will provide the following interexchange carrier services  (check all that apply):

a. \_\_\_\_\_ **MTS with distance sensitive per minute rates**

- \_\_\_\_\_ Method of access is FGA  
\_\_\_\_\_ Method of access is FGB  
\_\_\_\_\_ Method of access is FGD  
\_\_\_\_\_ Method of access is 800

b. \_\_\_\_\_ **MTS with route specific rates per minute**

- \_\_\_\_\_ Method of access is FGA  
\_\_\_\_\_ Method of access is FGB  
\_\_\_\_\_ Method of access is FGD  
\_\_\_\_\_ Method of access is 800

c.  X  **MTS with statewide flat rates per minute (i.e., not distance sensitive)**

- Method of access is FGA
- Method of access is FGB
- X  Method of access is FGD
- Method of access is 800

d.        **MTS for pay telephone service providers**

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

f.  X  **800 service (toll free)**

g.  X  **WATS type service (bulk or volume discount)**

- Method of access is via dedicated facilities
- X  Method of access is via switched facilities

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

i.  X  **Travel service**

- Method of access is 950
- X  Method of access is 800

j.        **900 service**

k.        **Operator services**

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

i.  X  **Services included are:**

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

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

See Attachment 2.

23. Submit the following:

**A. Managerial capability.** Give resumes of employees/officers of the company that would indicate sufficient managerial experiences of each.

See Attachment 3.

**B. 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 Attachment 3.

**C. 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.*

See Attachment 4.

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

1. **A written explanation** that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.

See Attachment 5.

2. **A written explanation** that the applicant has sufficient financial capability to maintain the requested service.

See Attachment 5.

3. **A written explanation** that the applicant has sufficient financial capability to meet its lease or ownership obligations.

See Attachment 5.

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

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

**UTILITY OFFICIAL:**

Arthur W. Jones  
\_\_\_\_\_  
**Print Name**

*Arthur W. Jones*  
\_\_\_\_\_  
**Signature**

President  
\_\_\_\_\_  
**Title**

10/4/02  
\_\_\_\_\_  
**Date**

(888) 455-9680      (713) 838-7153  
\_\_\_\_\_  
**Telephone No.      Fax No.**

Address: 2646 South Loop West, Suite 660  
Houston, TX 77054

**CERTIFICATE TRANSFER, OR ASSIGNMENT STATEMENT**

I, (Name) \_\_\_\_\_,

(Title) \_\_\_\_\_ of

\_\_\_\_\_  
(Name of Company)

and current holder of Florida Public Service Commission Certificate Number

# \_\_\_\_\_, have reviewed this application and join in the petitioner's request for a:

( ) transfer

( ) assignment

of the above-mentioned certificate.

**UTILITY OFFICIAL:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

\_\_\_\_\_  
Telephone No.

\_\_\_\_\_  
Fax No.

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

**CUSTOMER DEPOSITS AND ADVANCE PAYMENTS**

A statement of how the Commission can be assured of the security of the customer's deposits and advance payments may be provided in one of the following ways (applicant, please  check one):

- (X) The applicant will **not** collect deposits nor will it collect payments for service more than one month I advance.
  
- ( ) The applicant intends to collect deposits and/or advance payments for more than one month's service and will file and maintain a surety bond with the Commission in an amount equal to the current balance of deposits and advance payments in excess of one month.

**UTILITY OFFICIAL:**

Arthur W. Jones  
\_\_\_\_\_  
**Print Name**

*Arthur W. Jones*  
\_\_\_\_\_  
**Signature**

President  
\_\_\_\_\_  
**Title**

10/4/02  
\_\_\_\_\_  
**Date**

(888) 455-9680      (713) 838-7153  
\_\_\_\_\_  
**Telephone No.      Fax No.**

Address: 2646 South Loop West, Suite 660

Houston, TX 77054

\_\_\_\_\_



**CURRENT FLORIDA INTRASTATE SERVICES**

Applicant **has** ( ) or **has not** (X) previously provided intrastate telecommunications in Florida.

If the answer is has, fully describe the following:

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

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

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**UTILITY OFFICIAL:**

Arthur W. Jones  
\_\_\_\_\_  
**Print Name**

President  
\_\_\_\_\_  
**Title**

(888) 455-9680      (713) 838-7153  
\_\_\_\_\_  
**Telephone No.      Fax No.**

Address: 2646 South Loop West, Suite 660  
Houston, TX 77054

*Arthur W. Jones*  
\_\_\_\_\_  
**Signature**

10/04/02  
\_\_\_\_\_  
**Date**

**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 and 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:**

Arthur W. Jones _____ <b>Print Name</b>	<i>Arthur W. Jones</i> _____ <b>Signature</b>
President _____ <b>Title</b>	10/4/02 _____ <b>Date</b>
(888) 455-9680      (713) 838-7153 _____ <b>Telephone No.      Fax No.</b>	
Address: 2646 South Loop West, Suite 660 _____ Houston, TX 77054 _____	

## **ATTACHMENT LIST**

- |                     |   |
|---------------------|---|
| <b>Attachment 1</b> | <b>Proof of Authority to Operate in Florida</b>           |
| <b>Attachment 2</b> | <b>Proposed Florida Tariff</b>                            |
| <b>Attachment 3</b> | <b>Description of Managerial and Technical Capability</b> |
| <b>Attachment 4</b> | <b>Financial Information</b>                              |
| <b>Attachment 5</b> | <b>Statement of Financial Capability</b>                  |

**Attachment 1**

**Proof of Authority to Operate in Florida**

**FLORIDA DEPARTMENT OF STATE**

**Jim Smith**  
Secretary of State

September 26, 2002

**CT SYSTEM**

Qualification documents for COMMUNICATE TECHNOLOGICAL SYSTEMS, LLC were filed on September 25, 2002, and assigned document number M02000002543. Please refer to this number whenever corresponding with this office.

Your limited liability company is now qualified and authorized to transact business in Florida as of the file date. In accordance with section 608.406(2), F.S., the name of this limited liability company is filed with the Department of State for public notice only and is granted without regard to any other name recorded with the Division of Corporations.

A limited liability company 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 limited liability company address changes, it is the responsibility of the corporation to notify this office.

Should you have any questions regarding this matter, please telephone (850) 245-6051, the Registration and Qualification Section.

Lee Rivers  
Document Specialist  
Division of Corporations

Letter Number: 302A00054654

*FL*

### APPLICATION BY FOREIGN LIMITED LIABILITY COMPANY FOR AUTHORIZATION TO TRANSACT BUSINESS IN FLORIDA

IN COMPLIANCE WITH SECTION 608.503, FLORIDA STATUTES, THE FOLLOWING IS SUBMITTED TO REGISTER A FOREIGN LIMITED LIABILITY COMPANY TO TRANSACT BUSINESS IN THE STATE OF FLORIDA:

1. Communicate Technological Systems, LLC  
(Name of foreign limited liability company)

2. Delaware 3. 76-0564921  
(Jurisdiction under the law of which foreign limited liability company is organized) (FEI number, if applicable)

4. 3/17/1998 5. Perpetual  
(Date of Organization) (Duration: Year limited liability company will cease to exist or "perpetual")

6. upon qualification  
(Date first transacted business in Florida. (See sections 608.501, 608.502, and 817.155, F.S.))

7. 2646 S. Loop West, Ste. 660, Houston, TX 77054  
(Street address of principal office)

8. If limited liability company is a manager-managed company, check here

9. The usual business addresses of the managing members or managers are as follows:  
2646 S. Loop West, Ste. 660, Houston, TX 77054

FILED  
SECRETARY OF STATE  
DIVISION OF CORPORATIONS  
02 SEP 25 PM 1:24

10. Attached is an original certificate of existence, no more than 90 days old, duly authenticated by the official having custody of records in the jurisdiction under the law of which it is organized. (A photocopy is not acceptable. If the certificate is in a foreign language, a translation of the certificate under oath of the translator must be submitted.)

11. Nature of business or purposes to be conducted or promoted in Florida: Telecommunication and long distance services.

Arthur W. Jones  
Signature of a member or an authorized representative of a member.  
(In accordance with section 608.408(3), F.S., the execution of this document constitutes an affirmation under the penalties of perjury that the facts stated herein are true.)

Arthur W. Jones, Authorized Representative  
Typed or printed name of signee

F.3

**CERTIFICATE OF DESIGNATION OF  
REGISTERED AGENT/REGISTERED OFFICE**

PURSUANT TO THE PROVISIONS OF SECTION 608.415 OR 608.507, FLORIDA STATUTES, THE UNDERSIGNED LIMITED LIABILITY COMPANY SUBMITS THE FOLLOWING STATEMENT TO DESIGNATE A REGISTERED OFFICE AND REGISTERED AGENT IN THE STATE OF FLORIDA.

1. The name of the Limited Liability Company is:

Communicate Technological Systems, LLC

2. The name and the Florida street address of the registered agent and office are:

C T Corporation System

(Name)

c/o C T Corporation System, 1200 South Pine Island Road

Florida street address (P.O. Box NOT ACCEPTABLE)

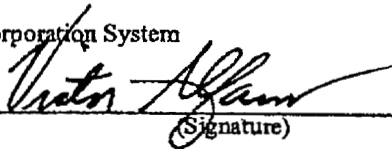
Plantation

FL 33324

City/State/Zip

*Having been named as registered agent and to accept service of process for the above stated limited liability company at the place designated in this certificate, 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 relating to the proper and complete performance of my duties, and I am familiar with and accept the obligations of my position as registered agent as provided for in Chapter 608, F.S.*

C T Corporation System

  
(Signature)

**Victor Alfano  
Assistant Secretary**

**\$ 100.00 Filing Fee for Application  
\$ 25.00 Designation of Registered Agent  
\$ 30.00 Certified Copy (optional)  
\$ 5.00 Certificate of Status (optional)**

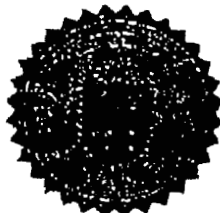
# Delaware

PAGE 1

*The First State*

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "COMMUNICATE TECHNOLOGICAL SYSTEMS, L.L.C." IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTY-FIFTH DAY OF SEPTEMBER, A.D. 2002.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN PAID TO DATE.



*Harriet Smith Windsor*  
Harriet Smith Windsor, Secretary of State

2872056 8300

AUTHENTICATION: 2001834

020596349

DATE: 09-25-02

F-5



**Attachment 2**  
**Proposed Florida Tariff**

TITLE SHEET

FLORIDA TELECOMMUNICATIONS TARIFF

This tariff contains the descriptions regulations, and rates applicable to the furnishing of service and facilities for telecommunications services provided by Communicate Technological Systems, L.L.C.; with principal offices at 2646 South Loop West, Suite 660, Houston, Texas, 77054. This tariff applies to services furnished within the state of Florida. This tariff is on file with the Florida Public Service Commission, and copies may be inspected, during normal business hours, at the Company's principal place of business.

ISSUED: October 15, 2002

EFFECTIVE:

Arthur W. Jones, President  
2646 South Loop West, Suite 660  
Houston, TX 77054

CHECK SHEET

Sheets 1 through 25 inclusive of this tariff are effective as of the date shown at the top of the respective page(s). Original and revised pages as named below comprise all changes from the original tariff and are currently in effect.

<u>SHEET</u>	<u>REVISION</u> <u>LEVEL</u>	<u>SHEET</u>	<u>REVISION</u> <u>LEVEL</u>	<u>SHEET</u>	<u>REVISION</u> <u>LEVEL</u>
1	Original*				
2	Original*				
3	Original*				
4	Original*				
5	Original*				
6	Original*				
7	Original*				
8	Original*				
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23	Original*				
24	Original*				
25	Original*				

\*Denotes new page to this filing.

ISSUED: October 15, 2002

EFFECTIVE:

Arthur W. Jones, President  
2646 South Loop West, Suite 660  
Houston, TX 77054

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ISSUED: October 15, 2002

EFFECTIVE:

Arthur W. Jones, President  
2646 South Loop West, Suite 660  
Houston, TX 77054

SYMBOLS

The following are the only symbols used for the purpose 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 Rate or Charge

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TARIFF FORMAT

- 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 pages 14 and 15 would be 14.1.
- B. Sheet Revision Numbers - Revision numbers also appear in the upper right corner of each sheet. These numbers are used to determine the most current sheet version on file with the FPSC. For example, 4th Revised Sheet 14 cancels the 3rd Revised Sheet 14. Because of various suspension periods, deferrals, etc. the FPSC follows in its tariff approval process, the most current sheet number on file with the FPSC is not always the tariff sheet in effect. Consult the FPSC 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).(l).
- D. Check Sheets - When a tariff filing is made with the FPSC, an updated check sheet accompanies the tariff filing. The check sheet lists the sheets contained in the tariff, with a cross reference to the current revision number. When new sheets are added, the check sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (\*). There will be no other symbols used on this sheet if these are the only changes made to it (i.e., the format, etc., remains the same, just revised revision levels on some sheets). The tariff user should refer to the latest check sheet to find out if a particular sheet is the most current on file with the FPSC

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Houston, TX 77054

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

Carrier or Company - Communicate Technological Systems, L.L.C.

Customer - The person, firm, corporation, end user or other entity that orders or uses services and is responsible for the payment of charges.

FPSC – Florida Public Service Commission.

Service Agreement - Company's standard form for the ordering and acceptance of a customer's request for and commitment to take Company's service offerings pursuant to this tariff.

Underlying Carrier - The telecommunications carrier whose network facilities provide the technical capability and capacity necessary for the transmission and reception of customer telecommunications traffic within Florida.

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Houston, TX 77054

SECTION 2 - RULES AND REGULATIONS

2.1 Undertaking of Company

Company undertakes to provide only those designated Services as are furnished under the terms and subject to the conditions and customer payment of the applicable rates of this tariff for communications originating and terminating within Florida.

The Company's Services are available to its customers twenty-four hours per day, seven days per week.

2.2 Limitations

2.2.1 Service is offered subject to the availability of the facilities of Company's Underlying Carrier and the provisions of this tariff.

2.2.2 Company reserves the right to discontinue furnishing service, or limit the use of service, if necessitated by conditions beyond its control, including without limitation, for customer non-payment of charges; or when the customer's use of a service becomes or is in violation of the law or the provisions of this tariff.

2.2.3 The Services provided under this tariff are subject to the direct and exclusive control of the Company. No one may alter or affect the Services nor transfer or assign its use of the Services without the express written consent of the Company, which consent may be withheld, without limitation, by Company in its sole discretion at any time such alteration, effect, transfer or assignment would result in an interruption of the Services or a change in the customer's location to which the Services are to be provided.

2.2.4 In the event prior written permission from the Company is given for 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.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.3 Liabilities of the Company

2.3.1 Company has no liability for damages arising out of mistakes, interruptions, omissions, delays, errors, or defects in the transmission or call processing of customer's communications traffic by the Underlying Carrier. The Company's liability for such damages occurring in the course of furnishing the Company's Services but not caused by its gross negligence or willful misconduct or that of its employees or agents, in no event shall exceed an amount equivalent to the proportionate charge to the customer for the period during which such mistakes, interruptions, omissions, delays, errors, or defects in the Company's furnishing of its Services occur.

2.3.2 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 of a customer's communications traffic;
- (B) Claims for patent infringement arising from a customer's use of its equipment, facilities, or systems with the Company's Services; and
- (C) All other claims arising out of any act or omission of the customer in connection with any service provided by Company.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.4 Interruption of Service

- 2.4.1 Credit allowance for the interruption of service is subject to the general liability provisions set forth in Section 2.3.1 herein. Customer shall receive no credit allowance for interruption of service due to Carrier's testing or adjusting, negligence of the customer, or to the failure of channels or equipment provided by the customer. It shall be the obligation of the customer to notify the Company immediately of any interruption in service for which a credit allowance is claimed. Before giving such notice, the customer shall ascertain that the trouble is not being caused by any action or omission within customer's control, or is not in wiring or equipment, if any, furnished by the customer in connection with the Company's Services.
- 2.4.2 No credit is allowed in the event service must be interrupted in order to provide routine service quality or related investigations.
- 2.4.3 Credit for failure of service shall be allowed only when such failure is caused by or occurs due to causes within the control of Company or in the event Company is entitled to a credit for the failure of the facilities of Company's Underlying Carrier used to furnish customer's service.
- 2.4.4 No credit shall be allowed:
- (A) For failure of services or facilities of customer; or
  - (B) For failure of services or equipment caused by the negligence or willful acts of customer.
- 2.4.5 Credit for an interruption shall commence after customer notifies Company of the interruption or when Company becomes aware thereof, and ceases when service has been restored.
- 2.4.6 Before customer notifies Company of an interruption, customer shall make reasonable attempts to ascertain that customer, a third party or its or their actions and/or equipment is/are not the cause thereof.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.4 Interruption of Service (Cont'd)

2.4.7 Credits are applicable only to that portion of service interrupted.

2.4.8 For purposes of credit computation, every month shall be considered to have 720 hours.

2.4.9 No credit shall be allowed for an interruption of a continuous duration of less than two hours.

2.4.10 The customer shall be credited for an interruption of two hours or more at the rate of 1/720th of the monthly charge for the service affected for each hour or major fraction thereof that the interruption continues. Calculations of the credit shall be made in accordance with the following formula.

Credit Formula:

$$\text{Credit} = \frac{A}{720} \times B$$

"A" = outage time in hours

"B" = total monthly charge for affected facility

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Houston, TX 77054

SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.5 Restoration of Service

The use and restoration of service shall be administered by the Underlying Carrier in accordance with any priority system specified in the Rules and Regulations of the FPSC

2.6 Deposits

The Company does not require a deposit from its customers.

2.7 Advance Payments

The Company does not collect advance payments.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.8 Taxes

All state and local taxes and any gross receipts tax apportioned to customer are listed as separate line items and are not included in the Company's scheduled rates.

2.9 Billing

2.9.1 Company's billing agents are certified local exchange carriers operative in Florida.

2.9.2 In the event Company incurs fees or expenses, including attorneys' fees, to collect, or to attempt to collect, any charges owed Company by customer, including charges alleged to have resulted from fraud or abuse of customer's services, the Company shall charge customer all such fees and expenses, including Company's reasonable attorneys' fees, incurred to collect or to attempt to collect its charges.

2.9.3 In accordance with the "filed tariff doctrine," as established by judicial and regulatory decisions and precedents, customer shall pay all charges due and owing irrespective of any claims of loss, liability, set off, damages, or other claims against Company to which customer may claim to be entitled. The duty to pay such charges shall arise upon the demand for payment by Company. Customer's duty to pay can only be delayed or deferred by the initiation of a billing dispute by the customer.

2.9.4 Customer agrees that all actions, suits, or proceedings to recover charges due under this tariff shall be prosecuted in the court of competent jurisdiction of the Company's principal place of business. Customer consents to and submits to the exercise of jurisdiction over the subject matter, waives personal service of any and all process upon it, and consents that all such service of process be made by registered mail directed to customer at its address registered with Company. Service so made shall be deemed to be completed five business days after such process shall have been deposited in the mail, postage prepaid. Customer waives trial by jury, any objection based on forum non conveniens, any objection to venue or jurisdiction of any action instituted hereunder, and consents to the granting of such legal or equitable relief as deemed appropriate by the Court.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)2.11 Arbitration of Disputes

All disputes concerning or affecting any service, rating of services, transfer of service, payments on account, credits, promotions, special offers or services, or any action or service of Company and/or its agents and/or any billing, bills, invoices, or statements of accounts issued on or after June 28, 1999, shall be resolved through binding arbitration. A dispute occurs when the customer fails to pay an invoice or contests it for any reason associated with the ordering, installation, provisioning, maintenance, repair, interruption, restoration or termination of any service or facility offered under this Tariff. Once a dispute is raised, arbitration is mandatory, and counterclaims may be asserted. The arbitration shall be administered by the neutral third party administrator (Administrator) jointly chosen by the customer and Company and shall be conducted under rules and procedures normally followed for arbitrations conducted in this country. As a condition of service under this Tariff, and as disclosed in the customer authorization for service (LOA), any dispute or any counterclaims in response to such a dispute shall be governed by such arbitration rules and procedures. Nothing herein shall be construed to deny a customer its rights to file complaints with the Florida Public Service Commission pursuant to applicable statutory or regulatory provisions at the conclusion of any arbitration conducted in accordance herewith.

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SECTION 3 - DESCRIPTION OF SERVICES

3.1 Usage Based Services

- 3.1.1 Long distance usage charges are based on the actual usage of the Company's network. Timing for all calls begin when the called party answers the call (i.e. when two-way communications are established). Answer detection is based on standard industry answer detection methods, including hardware and software answer detection.
- 3.1.2 Chargeable time for all calls ends when one of the parties disconnects from the call.
- 3.1.3 Unless otherwise specified in this tariff, the minimum call duration for billing purposes is one (1) minute.
- 3.1.4 Unless otherwise specified in this tariff, calls are billed in full minute increments.
- 3.1.5 Usage is measured and rounded up to the next higher increment for billing purposes.
- 3.1.6 There are no billing charges applied for incomplete calls.
- 3.1.7 A customer can expect a call completion rate of not less than 90% during peak use periods for all Feature Group D services (1+ dialing).

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SECTION 3 - DESCRIPTION OF SERVICES (Cont'd)

3.2 Outbound Interexchange Service

The Company's service is provided for use by presubscribed Customers or Authorized Users. Calls are routed over the Company's resold transmission and switching facilities to any valid NPA-NXX in the state of Florida.

3.3 Calling Card Service

Carrier offers a calling card, which allows Customer to gain access to its long distance service from anywhere in Florida via a toll-free access number with service billed back to the Customer's account. Calling Card service allows customers to originate outbound, direct dial long distance calls.

3.4 Directory Assistance

The Company provides standard Directory Assistance.

3.5 Services Not Available

Carrier does not offer 900, 911, collect, or third-party billed calling.

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SECTION 4 - RATES

4.1 Description of Rates

Services are available to subscribers under the following rate plans. Calls in each rate plan are billed in increments with minimum billing increments as specified. No charge is made for an uncompleted call.

4.2 Basic Plan

4.2.1 Outbound 1+ Switched Service

The following rates apply to interLATA and intraLATA outbound 1+ switched calls originating and terminating in Florida. A monthly access fee of \$2.98 applies.

Per Minute  
or Fraction

\$0.27

4.2.2 800/888/877 Switched Service

The following rates apply to interLATA and intraLATA inbound 800/888/877 switched calls originating and terminating in Florida. A monthly fee of \$1.50 applies.

Per Minute  
or Fraction

\$0.27

A surcharge applies to 800/888/877 calls originated from payphones.

Per Call

\$0.50

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SECTION 4 – RATES (Cont'd)

4.2 Basic Plan (Cont'd)

4.2.3 Calling Card Service

The following basic usage charges apply to call originated using Carrier's calling card.

Per Minute  
Or Fraction

\$ 0.25

A surcharge applies to calling card calls originated from payphones.

Per Minute  
Or Fraction

\$ 0.50

A surcharge applies for call originating or terminating in Canada.

Per Call

\$ 0.50

A surcharge applies for all other calls terminating internationally.

Per Call

\$1.00

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SECTION 4 – RATES (Cont'd)4.3 Plan 14.3.1 1+ Outbound and 800/888/877 Inbound Service

Calls of 60 seconds or less in duration are billed on a flat rate per call basis. Calls over 60 seconds in duration are billed in one (1) minute increments and are rounded up to the next highest increment. \$4.95 monthly access fee applies.

Usage Charge for  
Calls Exceeding  
60 Seconds in Duration

\$0.21/minute

Usage Charge for  
Calls 1- 60 Seconds  
in Duration

\$0.09/call

4.3.2 Fourth Month Free

Customers who meet the eligibility requirements set forth in 4.3.1.2 following will receive a credit as provided following.

4.3.1.1 After a Customer's third full calendar month of consecutive uninterrupted service, a credit shall be issued equal to the average of the Customer's monthly charges (excluding calling card calls, fees, taxes, surcharges, assessments, and similar charges) for the preceding consecutive three-month period.

4.3.1.2 Eligibility. To be eligible for the Fourth Month free bonus, each Customer must:

- A. have no record of nonpayment in any of the preceding consecutive three-month period of service; and
- B. have received three consecutive and uninterrupted invoices over the preceding three-month period.

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SECTION 4 – RATES (Cont'd)

4.3 Plan 1 (Cont'd)

4.3.2 Eighth Month Free

Customers who meet the eligibility requirements set forth in 4.3.2.2 following will receive a credit as provided following.

4.3.2.1 After a Customer's seventh full calendar month of consecutive uninterrupted service, a credit shall be issued equal to the average of the Customer's monthly charges (excluding calling card calls, fees, taxes, surcharges, assessments, and similar charges) for the preceding consecutive three-month period.

4.3.2.2 Eligibility. To be eligible for the Eighth Month free bonus, each Customer must:

- A. have no record of nonpayment in any of the preceding consecutive three-month period of service;
- B. have received three consecutive and uninterrupted invoices over the preceding three-month period;

4.3.3 Twelfth Month Free

Customers who meet the eligibility requirements set forth in 4.3.3.2 following will receive a credit as provided following.

4.3.3.1 After a Customer's eleventh full calendar month of consecutive uninterrupted service, a credit shall be issued equal to the average of the Customer's monthly charges (excluding calling card calls, fees, taxes, surcharges, assessments, and similar charges) for the preceding consecutive three-month period.

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SECTION 4 – RATES (Cont'd)

4.3 Plan 1 (Cont'd)

4.3.3 Twelfth Month Free (Cont'd)

4.3.3.2 Eligibility. To be eligible for the Twelfth Month free bonus, each Customer must:

- A. have no record of nonpayment in any of the preceding consecutive three-month period of service; and
- B. have received three consecutive and uninterrupted invoices over the preceding three-month period.

4.3.4 Calling Card Service

Calls are billed in one (1) minute increments and are rounded up to the next highest increment.

Usage Charge

\$0.21/minute

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SECTION 4 – RATES (Cont'd)

Rates are billed in full minute increments unless otherwise provided in this rate sheet. Rates for service for calls originating and terminating within Florida are as follows:

4.4 Plan 24.4.1 Outbound and 800/888/877 Inbound Service

Calls of 60 seconds or less in duration are billed on a flat rate per call basis. Calls over 60 seconds in duration are billed in one (1) minute increments and are rounded up to the next highest increment. \$3.98 monthly access fee applies.

Usage Charge for  
Calls Exceeding  
60 Seconds in Duration

\$0.22/minute

Usage Charge for  
Calls 1- 60 Seconds  
in Duration

\$0.12/call

4.4.1 Fourth Month Free

Customers who meet the eligibility requirements set forth in 4.4.1.2 following will receive a credit as provided following.

4.4.1.1 After a Customer's third full calendar month of consecutive uninterrupted service, a credit shall be issued equal to the average of the Customer's monthly charges (excluding calling card calls, fees, taxes, surcharges, assessments, and similar charges) for the preceding consecutive three-month period.

4.4.1.2 Eligibility. To be eligible for the Fourth Month free bonus, each Customer must:

- A. have no record of nonpayment in any of the preceding consecutive three-month period of service; and
- B. have received three consecutive and uninterrupted invoices over the preceding three-month period.

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SECTION 4 – RATES (Cont'd)

4.4 Plan 2 (Cont'd)

4.4.2 Eighth Month Free

Customers who meet the eligibility requirements set forth in 4.4.2.2 following will receive a credit as provided following.

4.4.2.1 After a Customer's seventh full calendar month of consecutive uninterrupted service, a credit shall be issued equal to the average of the Customer's monthly charges (excluding calling card calls, fees, taxes, surcharges, assessments, and similar charges) for the preceding consecutive three-month period.

4.4.2.2 Eligibility. To be eligible for the Eighth Month free bonus, each Customer must:

- A. have no record of nonpayment in any of the preceding consecutive three-month period of service;
- B. have received three consecutive and uninterrupted invoices over the preceding three-month period;

4.4.3 Twelfth Month Free

Customers who meet the eligibility requirements set forth in 4.4.3.2 following will receive a credit as provided following.

4.4.3.1 After a Customer's eleventh full calendar month of consecutive uninterrupted service, a credit shall be issued equal to the average of the Customer's monthly charges (excluding calling card calls, fees, taxes, surcharges, assessments, and similar charges) for the preceding consecutive three-month period.

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SECTION 4 – RATES (Cont'd)

4.4 Plan 2 (Cont'd)

4.4.3 Twelfth Month Free (Cont'd)

4.4.3.2 Eligibility. To be eligible for the Twelfth Month free bonus, each Customer must:

- A. have no record of nonpayment in any of the preceding consecutive three-month period of service; and
- B. have received three consecutive and uninterrupted invoices over the preceding three-month period.

4.4.4 Calling Card Service

Calls are billed in one (1) minute increments and are rounded up to the next highest increment.

Usage Charge

\$0.22/minute

4.5 – 4.17 Reserved for Future Use

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Houston, TX 77054



SECTION 4 – RATES (Cont'd)

4.18 Late Payment Charge

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

4.19 Returned Check Charge

Carrier charges a fee of \$15.00 for any check returned for insufficient funds.

4.20 Method of Computing Charges

Charges for each call are totaled by rate period. If the computed charges include a fraction of a cent, the fraction is rounded up to the next whole cent (e.g., \$1.4266 would be rounded up to \$1.43).

4.21 Directory Assistance

Rate for Directory Assistance:

Per Call

\$0.85/ call

ISSUED: October 15, 2002

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SECTION 5 – PROMOTIONS (Cont'd)

5.1 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, and be made part of this tariff.

5.2 Special Rates for the Handicapped

5.2.1 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.

5.2.2 Hearing and Speech Impaired Persons

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

5.2.3 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 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 charges such as a credit card surcharge.

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### **Attachment 3**

#### **Description of Managerial and Technical Capability**

CTS is a non-facilities based reseller of telecommunications services. As such, facilities are maintained utilizing the technical expertise of its underlying carrier. Management profiles of Arthur W. Jones, President of CTS, is attached.

## **Professional Resume of Arthur W. Jones**

### ***Communicate Technological Systems, LLC*** - President

March 1998 – Present

As President of CTS, a switchless reseller based in Houston, Texas, Mr. Jones is responsible for the day-to-day operations and functioning of the company. Mr. Jones manages the marketing, operations, and finances of the company and oversees a staff of 25 employees.

### ***Brittan Communications International*** – Director of Sales and Marketing

January 1995 – March 1998

As Director of Sales and Marketing, Mr. Jones managed all aspects of sales and marketing and managed over 200 field employees. Prior to being named Director of Sales and Marketing, Mr. Jones was the Senior Vice President in charge of:

- Managing event sales personnel in over 20 states
- Managing 180 in-house employees and over 200 field employees
- Overseeing Marketing Department
- Managing Telemarketing Department
- Directing small commercial account sales force
- Supervising installation of Feature Group D switch in Houston LATA
- Negotiating new carrier contracts

### **Prior Management Experience:**

Prior to employment at Brittan Communications International, Mr. Jones compiled over 25 years of commercial and industrial sales and management experience. As the owner of a professional janitorial service for 20 years, Mr. Jones managed all aspects of a business that included office management, sales, customer retention, equipment and inventory management, and the management of field employees.

**Attachment 4**

**Financial Information**

Balance Sheet

Income Statement

CTS's 2001 Federal Tax Return – Attested to by Certified by Public Accountant

COMMUNICATE TECHNOLOGICAL SYSTEMS, LLC  
2001 BALANCE SHEET

ASSETS

CURRENT ASSETS

Cash on Hand	\$ 14,960
Accounts Receivable	561,732
Other Current Assets	14,469

Total CURRENT ASSETS \$ 591,161

LONG TERM ASSETS

Computer/Furniture	\$ 4,618
Intangible Assets	16,663
Accounts Receivable Advance	12,385

Total LONG TERM ASSETS \$ 33,666

Total ASSETS \$ 624,827

LIABILITIES AND EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ 289,419
Current Notes Due	318,259
Other Current Liabilities	296,595

Total CURRENT LIABILITIES \$ 904,273

LONG TERM LIABILITIES

Shareholder Loan \$ 148,661

Total LONG TERM LIABILITIES \$ 148,661

Total LIABILITIES \$1,052,934

EQUITY

Partners Capital \$ -428,107

Total EQUITY \$ -428,107

Total LIABILITIES AND EQUITY \$ 624,827

COMMUNICATE TECHNOLOGICAL SYSTEMS, LLC  
2001 INCOME STATEMENT

SALES

Gross Receipts	\$ 2,585,268
Total SALES	\$ 2,585,268

COST OF SALES

Sales Costs	\$ 1,588,659
Total COST OF SALES	\$ 1,588,659
Total GROSS PROFIT	\$ 996,609

EXPENSES

Salaries and Wages	\$ 207,952
Rent	53,050
Taxes and Licenses	114,427
Depreciation	16,824
Advertising	995
Affinity Donation	3,050
Auto Line Help	47,266
Bank Charges	2,247
Commissions	17,661
Contest Prizes	1,500
Delivery and Freight	1,564
Display Sundrys	1,546
Distribution of Property	18,000
Dues and Subscriptions	255
EDP Programming	650
Insurance	24,530
Internet Servers	8,391
Legal and Professional	79,870
Management Fees	188,893
Office Expense	22,464
Outside Services	19,666
Postage	13,098
Printing	58,412

Communicate Technological Systems, LLC  
Income Statement  
Page Two

Reg. Fees	1,062
Reg. Organization	589
Small Equipment	1,315
Telephone	21,696
Utilities	609
Total EXPENSES	\$ 927,582
NET INCOME	\$ 69,027



CLIENT 1295-003

JOHN A. BRADEN & COMPANY, P.C.  
12941 I 45 NORTH STE 422  
HOUSTON, TX 77060  
(281) 873-5005

April 11, 2002

ARTHUR WILLIAM JONES  
COMMUNICATE TECHNOLOGICAL SYSTEMS LLC  
P O BOX 541275  
HOUSTON, TX 77254-1275

Dear Bill:

Enclosed is your 2001 Federal Return of Partnership Income. The original should be signed at the bottom of page one. No tax is payable with the filing of this return. Mail the Federal return on or before April 15, 2002 to:

INTERNAL REVENUE SERVICE  
OGDEN, UT 84201-0011

Enclosed is your 2001 Colorado Partnership Return of Income. The original should be signed at the bottom of the form. No tax is payable with the filing of this return. Mail the Colorado return on or before April 15, 2002 to:

COLORADO DEPARTMENT OF REVENUE  
DENVER, COLORADO 80261-0005

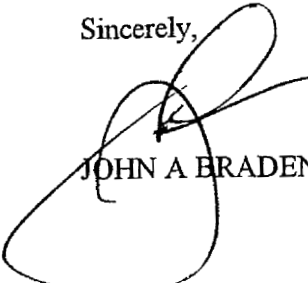
Enclosed is your 2002 Texas Corporation Annual Franchise Tax Report. The original should be signed at the bottom of page two. In addition, sign and date at the bottom of Form 05-102, 2002 Texas Franchise Tax Public Information Report. There is a balance payable of \$3,038. Mail the Texas return on or before May 15, 2002 and make check payable to:

COMPTROLLER OF PUBLIC ACCOUNTS  
111 E. 17TH STREET  
AUSTIN, TX 78774-0100

You must distribute a copy of the 2001 Schedule K-1 to each member, if applicable. Be sure to give each member a copy of the Partner's Instructions for Schedule K-1.

Please call if you have any questions.

Sincerely,



JOHN A BRADEN

	2001	2000	DIFF
<b>TRADE OR BUSINESS INCOME</b>			
GROSS RECEIPTS LESS RETURNS.....	2,585,268	2,268,651	316,617
COST OF GOODS SOLD.....	1,588,659	1,513,215	75,444
GROSS PROFIT.....	996,609	755,436	241,173
TOTAL INCOME (LOSS).....	996,609	755,436	241,173
<b>TRADE OR BUSINESS DEDUCTIONS</b>			
SALARIES AND WAGES (LESS EMP. CREDITS)...	207,952	250,022	-42,070
REPAIRS AND MAINTENANCE.....	0	1,471	-1,471
RENT.....	53,050	54,101	-1,051
TAXES AND LICENSES.....	114,427	21,240	93,187
INTEREST.....	0	9,284	-9,284
DEPRECIATION.....	16,824	23,872	-7,048
OTHER DEDUCTIONS.....	535,329	414,767	120,562
TOTAL DEDUCTIONS.....	927,582	774,757	152,825
<b>SCHEDULE K - INCOME</b>			
ORDINARY INCOME (LOSS).....	69,027	-19,321	88,348
<b>SCHEDULE K - DEDUCTIONS</b>			
SECTION 179 EXPENSE DEDUCTION.....	1,508	0	1,508
<b>SCHEDULE K - ADJUSTMENTS</b>			
DEPR. ADJ. ON PROPERTY AFTER 1986.....	-446	3,148	-3,594
<b>SCHEDULE K - OTHER</b>			
DISTRIBUTIONS OF PROPERTY.....	-18,000	0	-18,000
<b>SCHEDULE L - BALANCE SHEET</b>			
BEGINNING ASSETS.....	524,228	584,840	-60,612
BEGINNING LIABILITIES AND CAPITAL.....	524,228	584,840	-60,612
ENDING ASSETS.....	624,827	524,228	100,599
ENDING LIABILITIES AND CAPITAL.....	624,827	524,228	100,599

Form **1065** Department of the Treasury Internal Revenue Service **U.S. Return of Partnership Income 2001**

See separate instructions.

IRS use only — Do not write or staple in this space.

For calendar year 2001, or tax year beginning , 2001, and ending , 20 OMB No. 1545-0099

<b>A</b> Principal Business Activity  <b>SERVICES</b>	Use the IRS label. Otherwise, print or type.	COMMUNICATE TECHNOLOGICAL SYSTEMS LLC P O BOX 541275 HOUSTON, TX 77254-1275 <b>PARTNER COPY</b>	<b>D</b> Employer Identification Number  76-0564921
<b>B</b> Principal Product or Service  <b>LONG DISTANCE</b>			<b>E</b> Date Business Started  3/17/1998
<b>C</b> Business Code Number  513300			<b>F</b> Total Assets (see instrs)  \$ 624,827.

**G** Check applicable boxes: (1)  Initial return (2)  Final return (3)  Name change (4)  Address change (5)  Amended return

**H** Check accounting method: (1)  Cash (2)  Accrual (3)  Other (specify) \_\_\_\_\_

**I** Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year. ▶ 10

**Caution:** Include *only* trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

<b>INCOME</b>	<b>1 a</b> Gross receipts or sales.....	<b>1 a</b>	2,585,268.	
	<b>b</b> Less returns and allowances.....	<b>1 b</b>		<b>1 c</b> 2,585,268.
	<b>2</b> Cost of goods sold (Schedule A, line 8).....	<b>2</b>	1,588,659.	
	<b>3</b> Gross profit. Subtract line 2 from line 1c.....	<b>3</b>	996,609.	
	<b>4</b> Ordinary income (loss) from other partnerships, estates, and trusts (attach schedule).....	<b>4</b>		
	<b>5</b> Net farm profit (loss) (attach Schedule F (Form 1040)).....	<b>5</b>		
	<b>6</b> Net gain (loss) from Form 4797, Part II, line 18.....	<b>6</b>		
	<b>7</b> Other income (loss) (attach schedule).....	<b>7</b>		
<b>8 Total income (loss).</b> Combine lines 3 through 7.....	<b>8</b>		996,609.	
<b>DEDUCTIONS FOR LIMITATIONS</b>	<b>9</b> Salaries and wages (other than to partners) (less employment credits).....	<b>9</b>	207,952.	
	<b>10</b> Guaranteed payments to partners.....	<b>10</b>		
	<b>11</b> Repairs and maintenance.....	<b>11</b>		
	<b>12</b> Bad debts.....	<b>12</b>		
	<b>13</b> Rent.....	<b>13</b>	53,050.	
	<b>14</b> Taxes and licenses.....	<b>14</b>	114,427.	
	<b>15</b> Interest.....	<b>15</b>		
	<b>16 a</b> Depreciation (if required, attach Form 4562).....	<b>16 a</b>	16,824.	
	<b>b</b> Less depreciation reported on Schedule A and elsewhere on return.....	<b>16 b</b>		<b>16 c</b> 16,824.
	<b>17</b> Depletion (Do not deduct oil and gas depletion.).....	<b>17</b>		
	<b>18</b> Retirement plans, etc.....	<b>18</b>		
	<b>19</b> Employee benefit programs.....	<b>19</b>		
	<b>20</b> Other deductions (attach schedule).....	<b>20</b>	SEE STATEMENT 1	535,329.
<b>21 Total deductions.</b> Add the amounts shown in the far right column for lines 9 through 20.....	<b>21</b>		927,582.	
<b>22 Ordinary income (loss) from trade or business activities.</b> Subtract line 21 from line 8.....	<b>22</b>		69,027.	

**Sign Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member) is based on all information of which preparer has any knowledge.

Signature of General Partner or Limited Liability Company Member: *[Signature]* Date: \_\_\_\_\_

May the IRS discuss this return with the preparer shown below (see instrs)?  Yes  No

**Paid Preparer's Use Only**

Preparer's Signature: *[Signature]* JOHN A BRADEN Date: *[Signature]*

Firm's Name (or yours if self-employed), Address, and ZIP Code: JOHN A. BRADEN & COMPANY, P.C.  
12941 I 45 NORTH STE 422  
HOUSTON, TX 77060

Check if self-employed...  Preparer's SSN or PTIN: P00061451

EIN: 76-0491646 Phone No: (281) 873-5005

**Schedule A Cost of Goods Sold** (see instructions)

1	Inventory at beginning of year .....	1	
2	Purchases less cost of items withdrawn for personal use .....	2	691,394.
3	Cost of labor .....	3	
4	Additional Section 263A costs (attach schedule) .....	4	
5	Other costs (attach schedule) .....	5	897,265.
			SEE STATEMENT 2
6	<b>Total.</b> Add lines 1 through 5 .....	6	1,588,659.
7	Inventory at end of year .....	7	
8	<b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on page 1, line 2 .....	8	1,588,659.

Yes     No  
 Yes     No

If 'Yes', attach explanation.

**Schedule B Other Information**

		Yes	No
1	What type of entity is filing this return? Check the applicable box:		
a	<input type="checkbox"/> Domestic general partnership		
b	<input type="checkbox"/> Domestic limited partnership		
c	<input checked="" type="checkbox"/> Domestic limited liability company		
d	<input type="checkbox"/> Domestic limited liability partnership		
e	<input type="checkbox"/> Foreign partnership		
f	<input type="checkbox"/> Other .....		
2	Are any partners in this partnership also partnerships? .....		X
3	During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations Sections 301.7701-2 and 301.7701-3? If yes, see instructions for required attachment. ....		X
4	Is this partnership subject to the consolidated audit procedures of Sections 6221 through 6233? If 'Yes,' see <b>Designation of Tax Matters Partner</b> below. ....		X
5	Does this partnership meet <b>all three</b> of the following requirements? a The partnership's total receipts for the tax year were less than \$250,000; b The partnership's total assets at the end of the tax year were less than \$600,000; <b>and</b> c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return. If 'Yes,' the partnership is not required to complete Schedules L, M-1, and M-2; item F on page 1 of Form 1065; or item J on Schedule K-1. ....		X
6	Does this partnership have any foreign partners? If 'Yes,' the partnership may have to file Forms 8804, 8805 and 8813. See instructions. ....		X
7	Is this partnership a publicly traded partnership as defined in Section 469(k)(2)? .....		X
8	Has this partnership filed, or is it required to file, <b>Form 8264</b> , Application for Registration of a Tax Shelter? .....		X
9	At any time during calendar year 2001, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If 'Yes,' enter the name of the foreign country. ....		X
10	During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If 'Yes,' the partnership may have to file Form 3520. See instructions. ....		X
11	Was there a distribution of property or a transfer (e.g., by sale or death) of a partnership interest during the tax year? If 'Yes,' you may elect to adjust the basis of the partnership's assets under Section 754 by attaching the statement described in the instructions under <b>Elections Made by the Partnership</b> . ....		X
12	Enter the number of Forms 8865 attached to this return <b>0</b>		

**Designation of Tax Matters Partner** (see instructions)

Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of Designated TMP    **ARTHUR WILLIAM JONES**    Identifying Number of TMP

Address of Designated TMP    **4326 O'MERA HOUSTON, TX 77035**

**Schedule K Partners' Shares of Income, Credits, Deductions, etc**

		(a) Distributive share items	(b) Total amount	
Income (Loss)	1	Ordinary income (loss) from trade or business activities (page 1, line 22)	1	69,027.
	2	Net income (loss) from rental real estate activities (attach Form 8825)	2	
	3a	Gross income from other rental activities	3a	
	b	Expenses from other rental activities (attach sch)	3b	
	c	Net income (loss) from other rental activities. Subtract line 3b from line 3a	3c	
	4	Portfolio income (loss): a Interest income	4a	
	b	Ordinary dividends	4b	
	c	Royalty income	4c	
	d	Net short-term capital gain (loss) (attach Schedule D (Form 1065))	4d	
	e (1)	Net long-term capital gain (loss) (attach Schedule D (Form 1065))	4e (1)	
	(2)	28% rate gain (loss) (3) Qualified 5-year gain		
f	Other portfolio income (loss) (attach schedule)	4f		
5	Guaranteed payments to partners	5		
6	Net Section 1231 gain (loss) (other than due to casualty or theft) (attach Form 4797)	6		
7	Other income (loss)	7		
Deductions	8	Charitable contributions (attach schedule)	8	
	9	Section 179 expense deduction (attach Form 4562)	9	1,508.
	10	Deductions related to portfolio income (itemize)	10	
	11	Other deductions	11	
Credits	12a	Low-income housing credit:		
	(1)	From partnerships to which Section 42(j)(5) applies	12a (1)	
	(2)	Other than on line 12a(1)	12a (2)	
	b	Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468)	12b	
	c	Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities	12c	
d	Credits related to other rental activities	12d		
13	Other credits	13		
Investment Interest	14a	Interest expense on investment debts	14a	
	b (1)	Investment income included on lines 4a, 4b, 4c, and 4f above	14b (1)	
(2)	Investment expenses included on line 10 above	14b (2)		
Self-Employment	15a	Net earnings (loss) from self-employment	15a	
	b	Gross farming or fishing income	15b	
	c	Gross nonfarm income	15c	
Adjustments and Tax Preference Items	16a	Depreciation adjustment on property placed in service after 1986	16a	-446.
	b	Adjusted gain or loss	16b	
	c	Depletion (other than oil and gas)	16c	
	d (1)	Gross income from oil, gas, and geothermal properties	16d (1)	
	(2)	Deductions allocable to oil, gas, and geothermal properties	16d (2)	
e	Other adjmnts & tax pref items	16e		
Foreign Taxes	17a	Name of foreign country or U.S. possession		
	b	Gross income from all sources	17b	
	c	Gross income sourced at partner level	17c	
	d	Foreign gross income sourced at partnership level:		
	(1)	Passive (2) Listed categories (attach sch) (3) General limitation	17d (3)	
	e	Deductions allocated and apportioned at partner level:		
	(1)	Interest expense (2) Other	17e (2)	
	f	Deductions allocated and apportioned at partnership level to foreign source income:		
(1)	Passive (2) Listed categories (attach sch) (3) General limitation	17f (3)		
g	Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	17g		
h	Reduction in taxes available for credit (attach schedule)	17h		
Other	18	Section 59(e)(2) expenditures: a Type b Amount	18b	
	19	Tax-exempt interest income	19	
	20	Other tax-exempt income	20	
	21	Nondeductible expenses	21	
	22	Distributions of money (cash and marketable securities)	22	
	23	Distributions of property other than money	23	-18,000.
	24	Other items and amounts required to be reported separately to partners (attach schedule)		

**Analysis of Net Income (Loss)**

1 Net income (loss). Combine Schedule K, lines 1 through 7 in column (b). From the result, subtract the sum of Schedule K, lines 8 through 11, 14a, 17g, and 18b.					1	67,519.
2 Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
a General partners						
b Limited partners		67,519.				

**Schedule L Balance Sheets per Books** (Not required if question 5 on Schedule B is answered "Yes.")

Assets	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
1 Cash		22,573.		14,960.
2a Trade notes and accounts receivable	445,532.		561,732.	
b Less allowance for bad debts		445,532.		561,732.
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets (attach schedule). SEE ST. 3.		7,144.		14,469.
7 Mortgage and real estate loans				
8 Other investments (attach schedule)				
9a Buildings and other depreciable assets	53,482.		54,993.	
b Less accumulated depreciation	33,551.	19,931.	50,375.	4,618.
10a Depletable assets				
b Less accumulated depletion				
11 Land (net of any amortization)				
12a Intangible assets (amortizable only)	39,137.		39,137.	
b Less accumulated amortization	22,474.	16,663.	22,474.	16,663.
13 Other assets (attach schedule) SEE ST. 4.		12,385.		12,385.
14 Total assets		524,228.		624,827.
<b>Liabilities and Capital</b>				
15 Accounts payable		356,931.		289,419.
16 Mortgages, notes, bonds payable in less than 1 year		221,205.		318,259.
17 Other current liabilities (attach sch) SEE ST. 5.		294,565.		296,595.
18 All nonrecourse loans				
19 Mortgages, notes, bonds payable in 1 year or more				
20 Other liabilities (attach schedule) SEE ST. 6.		148,661.		148,661.
21 Partners' capital accounts		-497,134.		-428,107.
22 Total liabilities and capital		524,228.		624,827.

**Schedule M-1 Reconciliation of Income (Loss) per Books with Income (Loss) per Return** (Not required if question 5 on Schedule B is answered "Yes.")

1 Net income (loss) per books	69,027.	6 Income recorded on books this year not included on Schedule K, lines 1 through 7 (itemize):	
2 Income included on Schedule K, lines 1 through 4, 6, and 7, not recorded on books this year (itemize):		a Tax-exempt interest .. \$	
3 Guaranteed payments (other than health insurance)		7 Deductions included on Schedule K, lines 1 through 11, 14a, 17g, and 18b, not charged against book income this year (itemize):	
4 Expenses recorded on books this year not included on Schedule K, lines 1 through 11, 14a, 17g, and 18b (itemize):		a Depreciation .....	\$ 1,508.
a Depreciation .....	\$	b Travel and entertainment .....	\$
b Travel and entertainment .....	\$	8 Add lines 6 and 7	1,508.
5 Add lines 1 through 4	69,027.	9 Income (loss) (Analysis of net income (loss), line 1). Subtract line 8 from line 5	67,519.

**Schedule M-2 Analysis of Partners' Capital Accounts** (Not required if question 5 on Schedule B is answered "Yes.")

1 Balance at beginning of year	-497,134.	6 Distributions: a Cash	
2 Capital contributed during year		b Property	-18,000.
3 Net income (loss) per books	69,027.	7 Other decreases (itemize):	
4 Other increases (itemize):		8 Add lines 6 and 7	-18,000.
STATEMENT 7	-18,000.	9 Balance at end of year. Subtract line 8 from line 5	-428,107.
5 Add lines 1 through 4	-446,107.		

**Schedule K-1**  
**(Form 1065)**

**Partner's Share of Income, Credits, Deductions, Etc**

OMB No. 1545-0099

**2001**

Department of the Treasury  
Internal Revenue Service

beginning

For calendar year 2001 or tax year

, 2001, and ending

, 20

**Partner's identifying number ▶**

Partner's Name, Address, and ZIP Code

**ARTHUR WILLIAM JONES**  
**4326 O'MERA**  
**HOUSTON, TX 77035**

**Partnership's identifying number ▶**

**76-0564921**

Partnership's Name, Address, and ZIP Code

**COMMUNICATE TECHNOLOGICAL SYSTEMS LLC**  
**P O BOX 541275**  
**HOUSTON, TX 77254-1275**

**A** This partner is a  general partner  limited partner  
 limited liability company member

**B** What type of entity is this partner? ... **INDIVIDUAL**

**C** Is this partner a  domestic or a  foreign partner?

**D** Enter partner's % of: (i) Before change or termination (ii) End of year

Profit sharing	..... %	..... <b>67 %</b>
Loss sharing	..... %	..... <b>38.6 %</b>
Ownership of capital	..... %	..... <b>35.87164 %</b>

**E** IRS Center where partnership filed return: **OGDEN**

**F** Partner's share of liabilities:

Nonrecourse	..... \$	.....
Qualified nonrecourse financing	..... \$	.....
Other	..... \$	.....

**G** Tax shelter registration number ▶

**H** Check here if this partnership is a publicly traded partnership as defined in Section 469(k)(2).

**I** Check applicable boxes: (1)  Final K-1 (2)  Amended K-1

**J Analysis of partner's capital account:**

(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Partner's share of lines 3, 4, and 7, Form 1065, Schedule M-2	(d) Withdrawals and distributions	(e) Capital account at end of year (combine columns (a) through (d))
-199,817.		46,248.		-153,569.

(a) Distributive share item		(b) Amount	(c) 1040 filers enter the amount in column (b) on:
<b>Income (Loss)</b>	1 Ordinary income (loss) from trade or business activities	1 46,248.	See Partner's Instructions for Schedule K-1 (Form 1065).
	2 Net income (loss) from rental real estate activities	2	
	3 Net income (loss) from other rental activities	3	
	4 Portfolio income (loss):		Schedule B, Part I, line 1 Schedule B, Part II, line 5 Schedule E, Part I, line 4 Schedule D, line 5, column (f) Schedule D, line 12, column (f) Schedule D, line 12, column (g) Line 4 of worksheet for Sch D, line 29 Enter on applicable ln of your return
	a Interest	4a	
	b Ordinary dividends	4b	
	c Royalties	4c	
	d Net short-term capital gain (loss)	4d	
	e (1) Net long-term capital gain (loss)	4e(1)	
	(2) 28% rate gain (loss)	4e(2)	
	(3) Qualified 5-year gain	4e(3)	
	f Other portfolio income (loss) (attach schedule)	4f	
	5 Guaranteed payments to partner	5	See Partner's Instructions for Schedule K-1 (Form 1065).
6 Net Section 1231 gain (loss) (other than due to casualty or theft)	6		
7 Other income (loss) (attach schedule)	7	Enter on applicable ln of your return	
<b>Deductions</b>	8 Charitable contributions (see instructions) (attach schedule)	8	Schedule A, line 15 or 16
	9 Section 179 expense deduction	9 1,010.	See Partner's Instructions for Schedule K-1 (Form 1065).
	10 Deductions related to portfolio income (attach schedule)	10	
	11 Other deductions (attach schedule)	11	
<b>Credits</b>	12a Low-income housing credit:		Form 8586, line 5
	(1) From Section 42(j)(5) partnerships	12a(1)	
	(2) Other than on line 12a(1)	12a(2)	
	b Qualified rehabilitation expenditures related to rental real estate activities	12b	See Partner's Instructions for Schedule K-1 (Form 1065).
	c Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities	12c	
	d Credits related to other rental activities	12d	
13 Other credits	13		

BAA For Paperwork Reduction Act Notice, see instructions for Form 1065.

Schedule K-1 (Form 1065) 2001

		(a) Distributive share item	(b) Amount	(c) 1040 filers enter the amount in column (b) on:
Investment Interest	14a	Interest expense on investment debts	14a	Form 4952, line 1
	b (1)	Investment income included on lines 4a, 4b, 4c, and 4f	14b(1)	See Partner's Instructions for Schedule K-1 (Form 1065).
	(2)	Investment expenses included on line 10	14b(2)	
Self-employment	15a	Net earnings (loss) from self-employment	15a	Schedule SE, Section A or B
	b	Gross farming or fishing income	15b	See Partner's Instructions for Schedule K-1 (Form 1065).
	c	Gross nonfarm income	15c	
Adjustments and Tax Preference Items	16a	Depreciation adjustment on property placed in service after 1986	16a	See Partner's Instructions for Schedule K-1 (Form 1065) and instructions for Form 6251.
	b	Adjusted gain or loss	16b	
	c	Depletion (other than oil and gas)	16c	
	d (1)	Gross income from oil, gas, and geothermal properties	16d(1)	
	(2)	Deductions allocable to oil, gas, and geothermal properties	16d(2)	
e	Other adjustments & tax preference items (attach sch)	16e		
Foreign Taxes	17a	Name of foreign country or U.S. possession		Form 1116, Part I
	b	Gross income from all sources	17b	
	c	Gross income sourced at partner level	17c	
	d	Foreign gross income sourced at partnership level:		
	(1)	Passive	17d(1)	
	(2)	Listed categories (attach schedule)	17d(2)	
	(3)	General limitation	17d(3)	
	e	Deductions allocated and apportioned at partner level:		
	(1)	Interest expense	17e(1)	
	(2)	Other	17e(2)	
	f	Deductions allocated and apportioned at partnership level to foreign source income:		
(1)	Passive	17f(1)		
(2)	Listed categories (attach schedule)	17f(2)		
(3)	General limitation	17f(3)		
g	Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	17g	Form 1116, Part II	
h	Reduction in taxes available for credit (attach schedule)	17h	Form 1116, line 12.	
Other	18a	Section 59(e)(2) expenditures: a Type		See Partner's Instructions for Schedule K-1 (Form 1065).
	b	Amount	18b	
	19	Tax-exempt interest income	19	Form 1040, line 8b
	20	Other tax-exempt income	20	See Partner's Instructions for Schedule K-1 (Form 1065).
	21	Nondeductible expenses	21	
	22	Distributions of money (cash and marketable securities)	22	
	23	Distributions of property other than money	23	Form 8611, line 8
24	Recapture of low-income housing credit:			
a	From Section 42(j)(5) partnerships	24a		
b	Other than on line 24a	24b		
Supplemental Information	25	Supplemental information required to be reported separately to each partner (attach additional schedules if more space is needed):		



CLIENT 1295-003

COMMUNICATE TECHNOLOGICAL SYSTEMS LLC

76-0564921

STATEMENT 1  
FORM 1065, LINE 20  
OTHER DEDUCTIONS

ADVERTISING.....	\$	995.
AFFINITY DONATION.....		3,050.
AUTO LINE HELP.....		47,266.
BANK CHARGES.....		2,247.
COMMISSIONS.....		17,661.
CONTEST PRIZES.....		1,500.
DELIVERY AND FREIGHT.....		1,564.
DISPLAY SUNDRYS.....		1,546.
DUES AND SUBSCRIPTIONS.....		255.
EDP PROGRAMMING.....		650.
INSURANCE.....		42,530.
INTERNET SERVERS.....		8,391.
LEGAL AND PROFESSIONAL.....		24,375.
LEGAL ORGANIZATION.....		8,025.
LEGAL REGULATORY.....		47,470.
MANAGEMENT FEES.....		188,893.
OFFICE EXPENSE.....		22,464.
OUTSIDE SERVICES.....		19,666.
POSTAGE.....		13,098.
PRINTING.....		58,412.
REG. FEES.....		1,062.
REG. ORGANIZATION.....		589.
SMALL EQUIPMENT.....		1,315.
TELEPHONE.....		21,696.
UTILITIES.....		609.
	TOTAL \$	<u>535,329.</u>

STATEMENT 2  
FORM 1065, SCHEDULE A, LINE 5  
OTHER COSTS

BILLING COST.....	\$	894,656.
CELL PHONE COST.....		2,609.
	TOTAL \$	<u>897,265.</u>

STATEMENT 3  
FORM 1065, SCHEDULE L, LINE 6  
OTHER CURRENT ASSETS

	<u>BEGINNING</u>	<u>ENDING</u>
A/R-ADVANCE.....	\$ 1,578.	\$ 8,903.
A/R-RELATED PARTY.....	5,566.	5,566.
TOTAL	<u>\$ 7,144.</u>	<u>\$ 14,469.</u>

CLIENT 1295-003

COMMUNICATE TECHNOLOGICAL SYSTEMS LLC

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STATEMENT 4  
FORM 1065, SCHEDULE L, LINE 13  
OTHER ASSETS

	<u>BEGINNING</u>	<u>ENDING</u>
DEPOSIT REFUNDABLE .....	\$ 6,854.	\$ 6,854.
ORGANIZATIONAL COSTS .....	2,906.	2,906.
PREPAID EXPENSES .....	2,625.	2,625.
TOTAL	<u>\$ 12,385.</u>	<u>\$ 12,385.</u>

STATEMENT 5  
FORM 1065, SCHEDULE L, LINE 17  
OTHER CURRENT LIABILITIES

	<u>BEGINNING</u>	<u>ENDING</u>
A/P - PAYROLL TAXES .....	\$ 0.	\$ 2,512.
A/P - RELATED PARTY .....	36,649.	36,649.
A/P - TAXES .....	0.	52,658.
A/P-USBI BILLING COST ACCRUAL .....	257,916.	204,776.
TOTAL	<u>\$ 294,565.</u>	<u>\$ 296,595.</u>

STATEMENT 6  
FORM 1065, SCHEDULE L, LINE 20  
OTHER LIABILITIES

	<u>BEGINNING</u>	<u>ENDING</u>
A/P - SHAREHOLDER LOAN .....	\$ 148,661.	\$ 148,661.
TOTAL	<u>\$ 148,661.</u>	<u>\$ 148,661.</u>

STATEMENT 7  
FORM 1065, SCHEDULE M-2, LINE 4  
OTHER INCREASES

VALUE OF MICHAEL POWELL PARTNERS CAP GIVEN TO ERIC DOREMUS .....	\$ -18,000.
TOTAL	<u>\$ -18,000.</u>

## **Attachment 5**

### **Statement of Financial Capability**

Communicate Technological Systems, LLC ("CTS") has the financial capability to provide intrastate resale services in Florida for the following reasons. CTS, being a switchless reseller, does not have a need for a large amount of capital to offer its services. CTS does not anticipate a need for taking on any debt to provide service in Florida. CTS does have good banking relationships should an unexpected need for financing ever arise. Under the leadership of its President, Arthur W. Jones, CTS has very experienced management to direct operations and fully expects its Florida operations to be profitable within three months. In the meantime, CTS's international and interstate revenues and the revenues it derives from those states where it already offers intrastate service can support its Florida operations until its Florida operations become profitable.