

**APPLICATION FOR TRANSFER OF CERTIFICATE OF AUTHORITY TO
PROVIDE COMPETITIVE TELECOMMUNICATIONS SERVICES IN OREGON**

INSTRUCTIONS: Complete every applicable section of this application. Attach additional documents and/or sheets to complete responses (if needed). You will be notified when the Commission receives your application, and again when it has been processed. Upon acceptance of this application, the Commission will publish notice pursuant to ORS 759.020(2). After submitting this application electronically, mail one copy with original signature and all attachments.

Desired Effective Date:

To guarantee processing by the effective date, the Commission must receive an application at least 60 days prior to the desired effective date unless Commission Staff and Applicant have agreed to an earlier effective date. The Commission allows filing and notice prior to effective date of transaction. The Commission will issue an order on the desired effective date unless Applicant files a notice of extension or withdraws the application.

SECTION I -- Transferee/Surviving Entity Information

1. Exact Legal Name of Surviving Entity or Transferee:

STi Prepaid, LLC

Applicant's Assumed Business Name(s) (if any) (e.g., dba, aka)

Must be registered with the Corporation Division.

Telco Group, Telco, TGI, Dialaround, VOIP Enterprises, VOIP

Applicant's Type of Legal Entity (e.g., corporation, limited partnership)

Limited Liability Company

Business Address

30-50 Whitestone Expressway

4th Floor

Flushing NY 11354

Phone **718-358-5390**

Fax **718-732-7751**

Email **thomas.daurio@stiprepaid.com**

2. Name and Address of Person to be Contacted for Further Information Regarding This Application:

Cherie Kiser

Mintz Levin

701 Pennsylvania Ave., NW, Suite 900

Washington DC 20004

Phone **202-434-7300**

Fax **202-434-7400**

Email **crkiser@mintz.com**

3. Name and Address of Person to be Contacted for Regulatory Information (Commission will send requests for information to this person).

Jenni Partridge

30-50 Whitestone Expressway

4th Floor

Flushing NY 11354

Phone **718-358-5390**

Fax **718-732-7751**

Email **jenni.partridge@stiprepaid.com**

x2305

4. Affiliated Interests:

As of the date of the transfer, will you be, or are you now, or have you ever been affiliated with any provider of telecommunications service that serves Oregon? If so, who? When? Describe affiliation. Affiliated interest is defined in OAR 860-032-0001.

See Exhibit A

5. Previous Certificates of Authority:

List each certificate of authority previously granted by the Oregon PUC to Applicant and to each affiliated entity, under a legal name, an assumed business name, or any other name. Include all certificates whether or not canceled. For each certificate include: name of entity, docket number, and order number.

	Name of Entity	Docket Number	Order Number
a.	Dialaround Enterprises Inc.	CP1112	02-860
b.			
c.			
d.			

SECTION II -- Transferring Entity (Transferor) Information

By completing this information the Transferor acknowledges that it will no longer have authority and cannot provide the telecommunications services that are transferred.

1. Exact Legal Name of Transferring or Merging Entity (Transferor):

Dialaround Enterprises Inc.

Applicant's Assumed Business Name(s) (if any) (e.g., dba, aka)

Must be registered with the Corporation Division.

Applicant's Type of Legal Entity (e.g., corporation, limited partnership)

Corporation

Business Address

**30-50 Whitestone Expressway
4th Floor
Flushing NY 11354**

Phone **718-358-5390**

Fax **718-732-7751**

Email **samt@telcogroupinc.com**

2. Name and Address of Person to be Contacted for Further Information Regarding the Application:

**Cherie Kiser
Mintz Levin
701 Pennsylvania Ave., NW, Suite 900
Washington DC 20004**

Phone **202-434-7300**

Fax **202-434-7400**

Email **crkiser@mintz.com**

3. Name and Address of Person to be Contacted for Regulatory Information (Commission will send requests for information to this person). Please provide the email address:

**Cherie Kiser
Mintz Levin
701 Pennsylvania Ave., NW, Suite 900
Washington DC 20004**

Phone **202-434-7300**

Fax **202-434-7400**

Email **crkiser@mintz.com**

4. Certificates of Authority to be Transferred:

- a. List each certificate of authority previously granted by the Oregon PUC to Transferor, under its legal name, an assumed business name, or any other name. Include all certificates whether or not canceled. For each certificate provide the name of entity, docket number, and order number.

	Name of Entity	Docket Number	Order Number
1)	Dialaround Enterprises Inc.	CP 1112	02860
2)			
3)			
4)			

- b. Do you request that ALL authority to provide telecommunications service be transferred? Yes No
- c. If response to 4.b. is No, describe what authority is to be transferred and what authority is to be retained by the Transferor.

Note: The transferring entity (Transferor) will no longer be authorized to provide the telecommunications services that are transferred.

SECTION III -- Nature of Transaction between Transferee and Transferor (describe in detail)

See Exhibit B

Please use additional sheets if necessary to fully answer any item.

SECTION IV -- Conditions of a Certificate of Authority

As a condition of a certificate of authority, certificate holder must comply with all applicable Commission rules and state law, as well as conditions listed in the certificate.

For your convenience, following is a summary of some conditions from OAR 860-032-0001 et seq. (Division 32). Additional conditions will be specified in the certificate.

- a. Certificate holder shall provide only telecommunications services authorized by the certificate.
- b. Certificate holder's books and records shall be open to inspection by the Commission to the extent necessary to verify information required by the Commission's rules.
- c. Certificate holder shall pay all access charges and subsidies imposed pursuant to the Commission's rules.
- d. Certificate holder shall pay an annual fee to the Commission pursuant to the Commission's rules. This fee will be based on the certificate holder's annual gross retail intrastate revenues and will be no less than \$100 per calendar year. The certificate holder shall collect the fee by charging an equitable amount to each retail customer and describe the amount of the apportioned charge on each retail customer's bill, pursuant to the Commission's rules.
- e. The surviving entity (Transferee) is responsible for the annual PUC fee and all other fees incurred by the transferring entity (Transferor) as of the date the Commission approves the transfer.
- f. Certificate holder shall respond in a timely manner to Commission inquiries.

Pursuant to Residential Service Protection statutes, Chapter 290, Oregon Laws 1987, and Division 033, certificate holder shall be responsible to ensure that the Residential Service Protection Fund surcharge is remitted to the Commission. This surcharge is assessed against each paying retail subscriber at a rate that is set annually by the Commission.

Applicant understands that all services provided by Applicant must comply with all applicable Commission rules and state law, and with conditions of the certificate (check box at left).

<p><i>Signature of Person Authorized to Represent Transferee/Surviving Entity</i></p> <hr/> <p>Typewritten Name David Larsen</p>	<p>Title Vice President</p> <p>Date July 13, 2007</p>
<p><i>Person Authorized to Represent Transferring Entity (Transferor)</i></p> <hr/> <p>Typewritten Signature Samer Tawfik</p>	<p>Title CEO</p> <p>Date July 13, 2007</p>
<p>By signing this document I certify that I am a legal representative of this entity and that by transferring the authority to provide telecommunications to the above noted surviving entity, the transferring entity no longer has authority to provide telecommunications services that are transferred.</p>	

Exhibit A

Affiliates

STi Prepaid, LLC (“STi Prepaid” or “Transferee”), a Delaware limited liability company, is an indirect partially-owned subsidiary of Leucadia National Corporation (“Leucadia”), a New York corporation. STi Prepaid is directly owned by BEI Prepaid, LLC (“BEI Prepaid”), a Delaware limited liability company, and ST Finance, LLC (“ST Finance”), a Delaware limited liability company. BEI Prepaid owns a seventy-five percent (75%) interest in STi Prepaid. ST Finance, LLC owns a twenty-five percent (25%) interest in STi Prepaid. Samer Tawfik, an individual, indirectly owns one hundred percent (100%) of STI Finance through seven holding companies, all of which are Delaware entities. No other entity holds a greater than five percent direct interest in STi Prepaid.

Dialaround Enterprises Inc. (“DEI” or “Transferor”) is authorized to provide resold interexchange services in the State of Oregon. Samer Tawfik owns one hundred percent (100%) of DEI. STi Prepaid and DEI are affiliates through Samer Tawfik’s ownership in both entities. Once the transaction is consummated, DEI will no longer provide services in the State of Oregon.

Exhibit B

Description of Transaction

On January 23, 2007, Dialaround Enterprises Inc. (“DEI”) and certain of its affiliates (collectively, “Sellers”) entered into an Asset Purchase and Contribution Agreement (“Agreement”) with STi Prepaid, LLC (“STi Prepaid”) and certain of its affiliates pursuant to which Sellers agreed to transfer all or substantially all of their assets and liabilities to STi Prepaid, including DEI’s authorizations to provide telecommunications services (the “Transaction”).

Pursuant to the terms of the Agreement, STi Prepaid will purchase seventy-five percent (75%) of the assets and assume seventy-five percent (75%) of the Sellers’ liabilities. The assets to be transferred by the Sellers to STi Prepaid include DEI’s authorizations to provide telecommunications services. At the completion of the Transaction, STi Prepaid will hold DEI’s authorizations to provide telecommunications services. STi Prepaid is an indirect subsidiary of Leucadia National Corporation (“Leucadia”), a publicly-traded New York corporation. The purchase price for Leucadia’s interest in Sellers’ assets and liabilities is \$120,000,000 in cash, subject to adjustment based on working capital and certain liabilities relating to the purchased assets.

The remaining twenty-five percent (25%) of STi Prepaid will be held by Samer Tawfik through a new limited liability company, ST Finance, LLC (“ST Finance”), which will be formed at or prior to the consummation of the Transaction. Samer Tawfik, a United States citizen, will indirectly own a one hundred percent (100%) membership interest in ST Finance through seven holding companies, all of which are Delaware entities. The seven holding companies are: Telco Group, Inc., STi Phonocard Inc., Dialaround Enterprises Inc., STi Mobile Inc., Phonocard Enterprises Inc., VOIP Enterprises Inc., and STi PCS, LLC. Samer Tawfik will capitalize ST Finance by contributing the remaining twenty-five percent (25%) of Sellers’ assets and liabilities to ST Finance (other than assets and liabilities excluded from the Transaction pursuant to the Agreement). ST Finance will then contribute the twenty-five percent (25%) share of the assets and liabilities it received from Samer Tawfik and Sellers to STi Prepaid in exchange for ST Finance holding a twenty-five percent (25%) membership interest in STi Prepaid.