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32790-0200

Tel: 407-740-8575
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tmi@tminc.com

Magalie Roman Salas, Secretary
Federal Communications Commission
The Portals
445 12th Street, SW
12th Street Lobby, TW-A325
Washington, DC 20554

Attention: Enforcement Division, Common Carrier Bureau

re: Long Distance of Michigan, Inc., d/b/a LDMI Telecommunications Acquisition of American Telcom, Inc., d/b/a FoneTel

Dear Ms. Roman Salas:

Enclosed are an original and four (4) copies of a Petition for Waiver of Commission Rules by Long Distance of Michigan, Inc., d/b/a LDMI Telecommunications in connection with its recent acquisition of American Telcom, Inc., d/b/a FoneTel.

Please address any inquiries or further correspondence regarding this petition to my attention at Technologies Management, Inc., P.O. Drawer 200, Winter Park, Florida 32792-0200, Telephone: (407) 740-3006 or Facsimile: (407) 740-0613.

Sincerely,

Carey Roesel
Consultant to Long Distance of Michigan, Inc., d/b/a LDMI Telecommunications

Enclosures

cc: Anita Cheng, Enforcement Division of the Common Carrier Bureau
FCC Contractor, ITS
Jerry Finefrock, LDMI
file: LDMI - Acquisition
tms: FCC990X

No. of Copies rec'd 0+5
List A B C D E

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In re:	)	
	)	
LONG DISTANCE OF MICHIGAN, INC.	)	
D/B/A LDMI TELECOMMUNICATIONS	)	
	)	
Petition for Waiver of	)	File No.____________
Sections 64.1100-64.1190 of	)	
the Commission's Rules;	)	
Request for Expedited Treatment	)	

To: The Chief, Enforcement Division
Common Carrier Bureau

PETITION FOR WAIVER OF SECTIONS 64.1100 - 64.1190 OF THE COMMISSION'S RULES AND REQUEST FOR EXPEDITED TREATMENT

Long Distance of Michigan, Inc., d/b/a LDMI Telecommunications ("LDMI"), hereby requests a waiver of the authorization and verification requirements of the Commission's rules, 47 C.F.R. §§ 64.1100 - 64.1190, and Carrier Change Orders[1/] in connection with LDMI's acquisition out of bankruptcy of the customer accounts and other assets of American Telcom, Inc., d/b/a FoneTel ("FoneTel"). As described below, the Bankruptcy Court has approved the sale of FoneTel's assets to LDMI. The end of the Conversion Period -- the 90 day period following the closing of the transaction -- is July 9, 1999. Accordingly, LDMI respectfully requests expedited treatment of this petition to ensure a seamless transition and uninterrupted service to FoneTel's customers.

[1/] Implementation of the Subscriber Carrier Selection Changes Provisions of the Telecommunications Act of 1996 and Policies and Rules Concerning Unauthorized Changes of Consumers' Long Distance Carriers, Further Notice of Proposed Rule Making and Memorandum Opinion and Order on Reconsideration; 12 FCC Rcd 10674 (1997), Second Report and Order and Further Notice of Proposed Rule Making, FCC 98-334 (released Dec. 23, 1998) ("Anti-Slamming Second Report and FNPRM"); Policies and Rules Concerning Unauthorized Changes of Consumers' Long Distance Carriers, Report and Order, 10 FCC Rcd 9560 (1995), *stayed in part*, 11 FCC Rcd 856 (1995); Policies and Rules Concerning Changing Long Distance Carriers, 7 FCC Rcd 1038 (1992), *recon. denied*, 8 FCC Rcd 3215 (1993); Investigation of Access and Divestiture Related Tariffs, Phase I, 101 F.C.C.2d 911 (Allocation Order), 101 F.C.C.2d 935 (Waiver Order), *recon. denied*, 102 F.C.C. 2d 503 (1985).

I. BACKGROUND

LDMI is a Michigan corporation, with headquarters at 8801 Conant Street, Hamtramck, Michigan 48211-1403. LDMI is authorized by the Commission to offer domestic interstate and international services nationwide as a non-dominant carrier.[2/] LDMI is also authorized to offer intrastate interexchange services in 42 states and to provide local telephone services in 1 state. FoneTel is a Michigan corporation, with principal offices located at 26400 Southfield Road, Lathrup Village, Michigan 48075. FoneTel is authorized by the FCC to offer domestic interstate and international services nationwide as a non-dominant carrier and is also authorized to provide intrastate interexchange services in numerous states.[3/]

On April 9, 1999, FoneTel and LDMI executed an Asset Purchase Agreement ("Agreement") under which LDMI will acquire at closing various FoneTel assets, including the name, customer accounts, and Carrier Identification Code (CIC), free and clear of liens, claims, and other encumbrances except as expressly assumed in the Agreement.

FoneTel filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Michigan. With their Chapter 11 petitions, FoneTel filed a motion for the Bankruptcy Court's approval of the sale of certain assets to LDMI under the Asset Purchase Agreement, as the best way to maximize creditor recoveries and preserve uninterrupted service to their customers.

[2/] ITC-94-330

[3/] ITC-96-618

On April 9, 1999, the Bankruptcy Court approved FoneTel's motion and authorized and directed FoneTel to sell its assets to LDMI as provided in the Agreement.[4/] On or around July 9, 1999, the Conversion Period will end thereby transferring the ongoing operation and maintenance of the subject assets to LDMI. LDMI will provide service to FoneTel's customers under the same rates, terms, and conditions as currently provided for in FoneTel's tariffs and contracts.

II. WAIVER REQUEST

Grant of a waiver is appropriate if special circumstances exist and approval will serve the public interest.[5/] LDMI's instant request satisfies these criteria. FoneTel is currently in bankruptcy and LDMI intends to ensure that FoneTel's customers receive uninterrupted high quality service. A waiver of the Commission's verification rules is necessary to ensure a seamless transition of these customers to LDMI at the close of the conversion period.[6/] In similar circumstances, the Commission has recently granted waivers of Sections 64.1100-64.1190 of its rules to requesting carriers.

Grant of the requested waiver will serve the public interest because it will permit a seamless transition of customers to LDMI and the introduction of a strong competitor into the telecommunications marketplace. LDMI and FoneTel are fully advising FoneTel's customers of the assumption of their service by LDMI.

[4/] In re: American Telcom, d/b/a FoneTel., Case No. 98-57659

[5/] See, e.g., Wait Radio v. FCC, 418 F.2d 1153, 1159 (D.C.Cir. 1969); Implementation of the Subscriber Carrier Selection Changes Provisions of the Telecommunications Act of 1996; EqualNet Corp. Request for Waiver, Order, CC Docket No. 94-129 (rel. Mar. 15, 1999) ("EqualNet").

[6/] It is not at all clear that the Commission's carrier change rules were intended to apply in the context of an asset purchase transaction, transfer of control, or merger, especially if the new carrier provides service under the same arrangements as the selling carrier, and does not "submit a preferred carrier change order." 47 C.F.R. § 64.1150. Nevertheless, LDMI is filing the instant request out of an abundance of caution.

All customers are being notified of the transaction and that they will continue to be billed at the same rates and under the same terms and conditions contained in FoneTel's tariffs, including FoneTel's interstate long distance and international tariffs.[7/] After the conversion period, the customers will receive additional notifications of the change through bill inserts, direct customer communications, and other means. Moreover, the companies have established a 24-hour 800 number, which is manned by customer relations personnel who are being specially trained to answer questions about this matter.

To the extent customer complaints have been filed, or are filed, against FoneTel at the Commission, LDMI will work with the complainants and the Commission to resolve these complaints.

LDMI is well qualified to provide superior, reliable service to FoneTel's customers. LDMI has a highly qualified management team with extensive experience in the telecommunications industry. Grant of this waiver will permit LDMI to provide FoneTel's customers with the same high quality, reliable service it currently provides to its own customers.

[7/] See Exhibit 1, Letter from Patrick O'Leary, President and CEO of LDMI, to FoneTel customers, dated May 27, 1999, and Notification to be included on FoneTel's June 1999 customer bills. LDMI is in the process of issuing tariffs that are identical to FoneTel's tariffs in all jurisdictions where FoneTel has customers.

III. EXPEDITED TREATMENT

LDMI seeks expedited treatment of this petition to permit the final execution of the sale of FoneTel's assets to LDMI to proceed, as anticipated, at the end of the Conversion Period on July 9, 1999. As discussed above, the Bankruptcy Court approved the sale of FoneTel's assets to LDMI in April, and a prompt grant of this waiver will help ensure that FoneTel's customers are seamlessly transferred to LDMI without any disruption in service. In light of FoneTel's bankruptcy, a prompt transition of the customers to LDMI would promote the public interest.

CONCLUSION

For the foregoing reasons, LDMI respectfully requests that the FCC grant it, on an expedited basis, prior to the anticipated end of the Conversion Period on July 9, 1999, a waiver of Sections 64.1100-64.1190 of the Commission's rules and Carrier Change Orders.

Respectfully submitted,

LONG DISTANCE OF MICHIGAN, INC
D/B/A LDMI TELECOMMUNICATIONS

By________________________

Carey L. Roesel, Consultant to
LONG DISTANCE OF MICHIGAN, INC
D/B/A LDMI TELECOMMUNICATIONS
Technologies Management, Inc.
210 N. Park Avenue
Winter Park, FL 32789
(407) 740-8575

June 1, 1999

<u>Exhibit A</u>

FoneTel Bankruptcy Order

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

In the Matter of:

AMERICAN TELCOM, INC.,
d/b/a FoneTel
Debtor.

Federal Tax Identification Number:
38-3157734
_______________________________/

CASE NO. 98-57659
CHAPTER 11
HON. STEVEN RHODES

A TRUE COPY
CLERK, U.S. BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
BY: [signature]
Deputy Clerk
DATE: APR 09 1999

ORDER CONFIRMING PLAN

THE COURT FINDS:

A. The Combined Disclosure Statement and Plan of Reorganization under Chapter 11 of the Bankruptcy Code filed by the Debtor on February 8, 1999, and the Modification to the Plan of Reorganization filed by the Debtor on March 22, 1999, having been transmitted to creditors and equity security holders.

B. It having been determined after hearing and notice that the requirements for confirmation set forth in 11 U.S.C. §1129(a) as to creditors and 11 U.S.C. §1129(b) as to equity security holders have been satisfied.

C. The sale of the Acquired Assets, as defined in the Asset Purchase Agreement (the "Agreement"), attached hereto as Exhibit A, to LDMI ("Buyer") on the terms and conditions set forth in the Agreement (the "Sale"), is in the best interests of the estate and is the highest and best offer that the Debtor could receive under the circumstances.

D. This court has the authority to approve the Sale under 11 U.S.C. §105, 363 and 1129.

E. The Buyer is purchasing the Acquired Assets in good faith within the meaning of 11 U.S.C. §363(m).

F. The Sale is the product of arms-length and active negotiations between the Debtor and the Buyer.

G. The Buyer is entitled to the protections of 11 U.S.C. §363(m).

H. A sound business purpose existed for the sale of the Acquired Assets to the Buyer.

I. There are certain liens, security interests and other encumbrances against the Acquired Assets ("Existing Liens").

J. The purchase price being paid for the Acquired Assets exceeds the aggregate value of all of the Existing Liens against the Acquired Assets.

K. The requirements of 11 U.S.C. §363(f) have been satisfied.

NOW THEREFORE, IT IS HEREBY ORDERED that:

1. The Plan filed by the Debtor on February 8, 1999, as modified by the Modification to the Plan filed on March 22, 1999 (collectively the "Plan") is confirmed. The Plan is incorporated as if its terms are fully set forth herein.

2. The foregoing, notwithstanding the Plan is hereby modified as follows.

3. The Sale shall be and hereby is approved free and clear of all claims (including without limitation claims asserted against Buyer as a successor to the Debtor or the Debtor's Business (as defined in the Agreement), liens, encumbrances, charges, security interests, mortgages, deeds of trust, restrictions, or interests of any kind or nature, including without limitation, the Existing Liens and the Encumbrances, as defined in the Agreement (collectively, the "Liens"), and that all persons and governmental units be enjoined from taking any action against the Acquired Assets sold to the Buyer or its designee or against the Buyer or its designee to realize on any interest or the Liens, including, but not limited to any action to collect any property tax, installment of a special assessment, or utility payment (except for the obligations of the Seller under Section 7.2(b)(ii) of the Agreement (the "Conversion Expenses").

4. The Debtor, pursuant to 11 U.S.C. §§105(a), 363(b) and 363(f), is authorized to sell to Buyer or its designee the Acquired Assets free and clear of all Liens, pursuant to terms and conditions set forth in the Agreement.

5. Except the real estate located at 26400 Southfield Road, Lathrup Village, Michigan subject to a mortgage in favor of the Huntington National Bank, all Liens shall be and hereby are transferred from, and extinguished with respect to, the Acquired Assets, and shall attach to the proceeds of the sale of the aforesaid property, to the same extent, and having the same validity, perfection, priority and enforceability as such Liens had with respect to such property immediately before the sale and neither Buyer, its designee nor the property transferred to it shall have any liability whatsoever with respect to the Liens. Any issues regarding the extent, validity, perfection, priority and/or enforceability of such Liens with respect to the proceeds of sale shall be determined by the Bankruptcy Court upon motion of the Debtor, the Committee or another party in interest.

6. Except to extent USBI retains its liens in assets of the Debtor other than the Acquired Assets, each and every appropriate federal, state and local government agency or department is hereby ordered and directed to accept any and all filings necessary and appropriate to consummate the Sale, including, without limitation, the following:

- all filings with the United States Patent and Trademark Office necessary to assign and transfer to the Buyer or its designee the bankruptcy estate's interest in any and all patent and trademark rights that it may hold;
- all filings with any governmental agency or department required to transfer to the Buyer or its designee any licenses or permits necessary for the operation of the former business of the Debtor; and
- all documents to be filed with the appropriate filing office evidencing releases and/or discharges of Liens including, but not limited to, Uniform Commercial Code termination statements and releases.

7. The Debtor is hereby authorized to execute all documents and agreements and do such things as may be necessary or appropriate to implement, effectuate and consummate the Sale and to fulfill all obligations under the Agreement, including, without limitation, all parties holding or claiming Liens in the Acquired Assets are hereby directed to deliver to the Buyer's counsel, by no later than the closing of the sale of the Acquired Assets, ~~discharges~~ release of Liens, as to the Acquired Assets and, where appropriate, termination statements or releases for filing with the Secretary of State and/or the Register of Deeds offices. However, this Order may be filed to accomplish the same.

8. The Buyer or its designee shall take the Acquired Assets free of any and all obligations and liabilities of and against Debtor, other than the Conversion Expenses, whether such obligations are in contract or tort, and whether under applicable local, state and/or federal laws such obligations might be deemed to attached to Buyer or its designee as a successor owner, corporation or business to the Debtor, including any COBRA and ERISA claims and any single business tax and sales and use tax liabilities.

9. All persons and governmental units are enjoined from taking any action against the Acquired Assets or its designee to realize any interest of the Liens including, but not limited to, any act to collect any property tax, installment of a special assessment or utility payment.

10. DCA, TotalTel, Ameritech, Siemens and their agents, representatives and employees, are enjoined from taking any action to terminate the provision of goods or services to the Debtor and the Buyer or its designee as agent of the Debtor, during the Conversion Period, in breach of the Standstill Agreements, as defined in the Agreement.

11. Any claim by the Buyer for indemnification pursuant to the Agreement shall be entitled to be offset from the Purchase Price, without further order of this Court and to the extent not offset, shall be entitled to priority under 11 U.S.C. §507(a)(1) and 503(b).

12. A copy of this Order may be recorded by the Buyer or its designee with any governmental entity, agency or unit as evidence of the sale of the Acquired Assets, and any

recording offices are hereby directed to accept a copy of this Order for filing and recording upon receipt of payment of the customary fees.

13. The terms of the Agreement are hereby incorporated herein by reference, except where expressly inconsistent herewith.

14. Paragraph 3.4 of the Plan is modified to provide that (i) interest on the mortgage over Debtor's real property located at 26400 Southfield Road, Lathrup Village, Michigan (the "Real Property") held by The Huntington National Bank ("Huntington") shall accrue at the default rate of interest as set forth in the promissory note, (ii) upon sale or other disposition of the Real Property, Huntington shall be entitled to payment of its principal, interest, charges, its attorneys' fees and costs as provided for under the loan documents and mortgage executed by Debtor in favor of Huntington and (iii) all of the documents executed in connection with the mortgage shall remain in full force and effect and no provision contained in the Plan shall affect any rights or remedies granted therein.

15. Paragraph 3.4.1 of the Plan is modified and amended to provide that for the first five months, instead of nine months, after the Confirmation Date, Debtor shall retain the sole and exclusive right to accept or reject offers that are submitted for the purchase of the Real Property; provided however, that under no circumstances shall Debtor be permitted to sell the Real Property for any amount that does not pay Huntington all of its indebtedness including attorneys' fees and costs without the express written permission of Huntington. Beginning five months after the Confirmation Date, Huntington shall have the sole and exclusive right to accept or reject the offers which are submitted. If the Real Property is not sold within the foregoing ten months, Debtor shall execute a deed in lieu of foreclosure conveying the Real Property to Huntington or its designee. The county and/or other municipal or governmental authority shall be and is hereby enjoined and restrained from selling the Real Property for any unpaid taxes for 18 months after the Confirmation

Date, and the foregoing taxes shall be paid from the proceeds of sale. The Plan shall not release or affect the rights of Huntington against any guarantors.

16. Siemens Information and Communication Networks, Inc., assignee of Siemens Credit Corporation ("Siemens"), shall be paid its monthly rental payments of $877.80 and $15,357.42 by LDMI during the Conversion Period, as provided by two Equipment Lease Agreements executed by Debtor and Siemens. LDMI shall make the first payment on the Closing Date, pursuant to the terms of a Standstill Agreement in a form and content mutually satisfactory to all parties, which shall govern the relationship between LDMI and Siemens during the Conversion Period.

17. National City Bank, a secured creditor of Debtor, shall be entitled to liquidate that certain certificate of deposit held by National City Bank in the amount of approximately $65,000.00. The remaining portion of National City's claim shall be treated as a general unsecured claim in accordance with the terms of the Plan.

18. USBI shall retain any and all call records, proceeds of call records, funds and receivables in its possession or control under the Billing Agreement, Factoring Agreement (as defined in the Modified Plan), or otherwise (collectively, the "Holdback") as security and adequate protection for the release of USBI's liens over the Acquired Assets and as additional security for any and all obligations of the Debtor to USBI, whether arising prior to or after entry of this Order. USBI may retain the Holdback for 18 months after the Debtor's last submission of call records to USBI for either billing or funding. USBI shall, at that 18-month point in time, account for and pay to the Debtor the surplus, if any, remaining in the Holdback that has not been applied to or is not necessary to be applied to satisfy any or all obligations of the Debtor to USBI whenever arising. USBI shall provide to Debtor under the Factoring Agreement its last 60 percent funding for call records (which call records total no more than $124,000) that have been submitted to USBI for funding immediately prior to entry of this Order. The Debtor releases USBI from any and all claims

arising under or relating to any of USBI's agreements with Debtor, except for accounting issues that may arise with regard to the Holdback. All call records and receivables first created prior to 12:01 a.m. on April 10, 1999 shall be and remain property of Debtor and shall be subject to the claims, liens, rights, setoffs and interests of USBI and are not part of the Acquired Assets. This Court shall retain jurisdiction to rule over any and all disputes relating to the Holdback between Debtor and USBI.

~~19. USBI shall retain any and all funds and receivables in its possession as security and adequate protection for the release of its liens over the Acquired Assets, with the exception that USBI will provide Debtor with its last sixty (60%) percent funding due and owing for services rendered by Debtor prior to April 9, 1999. Debtor reserves its right to collect the funds and receivables from USBI after the Conversion Period, subject to USBI's rights to claim setoffs under its agreements with Debtor and the Consent Order (as defined below).~~

20. This Plan is amended to provide that the Billing Agreement and the Factoring Agreement (as defined in the Modified Plan) are not rejected. The Final Consent Order to (A) Authorize Debtor to Assume Prepetition Agreements; (B) Use Cash Collateral; (C) Grant Adequate Protection; and (D) Grant Relief from Automatic Stay entered on December 4, 1998 (the "Consent Order") shall remain in full force and effect. Notwithstanding anything to the contrary in the Plan, the Order Confirming Plan or Title 11, except with respect to USBI's liens over the Acquired Assets, which shall be released, Debtor and USBI shall retain and shall continue to retain any and all claims, liens, rights, interests, setoffs and defenses, whether arising before or after the Petition Date, under its agreements with Debtor, under the Consent Order or otherwise, all of which shall survive confirmation of the Plan and shall apply to any and all transactions between USBI and Debtor whether occurring prior to or after confirmation of the Plan. Perfection of USBI's liens shall also survive confirmation of the Plan without the need to perfect except with respect to USBI's liens over the Acquired Assets. Notwithstanding anything in the Plan or this Order to the contrary, LDMI is not purchasing any accounts receivable or proceeds thereof in which USBI has any interest

whatsoever. As of the closing of the transaction between LDMI and Debtor, LDMI shall have no right as agent or otherwise of the Debtor to request USBI to bill or factor any accounts without the express written agreement of USBI in USBI's sole discretion. USBI is under no obligation whatsoever to enter into any agreements with LDMI.

21. The obligation of LDMI to close the Agreement is, among other things, subject to the execution of an agreement with USBI satisfactory to LDMI.

22. All avoidance actions are hereby reserved and not waived, provided that they are filed within sixty days of the Confirmation Date. (*)

23. In connection with the closing, Nabil Youkhana and Norman Kiminaia will each be receiving $75,000.00 at closing, with further considerations as set forth in the covenant from LDMI in consideration for execution of covenants not to compete. Youkhana and Kiminaia have each agreed to accept $50,000.00 each and allow LDMI to pay $50,000.00 to Schafer and Weiner, P.C. Client Trust Account for the payment of Debtor's professionals after application to and order by the Court. Saad Hajjar will receive $15,000 upon the execution of the covenant not to compete, at closing, and further compensation as provided in the covenant.

24. ______________________________

____

(*) or such time as the Court shall extend upon motion filed within 60 days. The Committee shall monitor same and may upon Court approval pursue same.

____
U.S. BANKRUPTCY JUDGE

(Signatures on next page)

SCHAFER AND WEINER, P.C.

By: ______________________
ARNOLD SCHAFER (P24694)
MICHAEL E. BAUM (P29446)
JASON W. BANK (P54447)
Attorneys for Debtor
2050 N. Woodward, Suite 100
Bloomfield Hills, MI 48304
(248) 540-3340

DATED: APRIL 9, 1999

HERTZ, SCHRAM & SARETSKY, P.C.

By: ______________________
ROBERT S. HERTZBERG (P30261)
Attorney for Huntington
1760 S. Telegraph Road, Suite 300
Bloomfield Hills, MI 48302
(248) 335-5000

DATED: APRIL 9, 1999

DYKEMA GOSSETT, P.L.L.C.

By: ______________________
RONALD ROSE (P19621)
Attorneys for LDMI
1577 N. Woodward Ave., Suite 300
Bloomfield Hills, MI 48304-2820
(248) 243-0810

DATED: APRIL ____, 1999

NATHAN AND NATHAN, P.C.

By: ______________________
KENNETH A. NATHAN (P48420)
Attorneys for USBI
29100 Northwestern Hwy., Suite 260
Southfield, MI 48034
(248) 351-0099

DATED: APRIL 9, 1999

NATIONAL CITY BANK OF
MICHIGAN/ILLINOIS

By: ______________________
JOSEPH M. AMMAR (P41972)
Attorney
211 S. Rose St.
K-A11-C1
Kalamazoo, MI 49007
(616) 376-7345

DATED: APRIL 9, 1999

Michael I. Frank
Attorneys for Unsecured
Creditors Committee

Marc M. Bakst
Attorneys for Saad Hajjar
April 9, 1999

BUTZEL LONG

By: ______________________
~~THOMAS B. RADOM (P24631)~~ Edward M. Kalinka (P31811)
Attorneys for Siemens
32270 Telegraph Rd., Suite 200
Birmingham, MI 48025-2457
(248) 258-1413

DATED: APRIL ___, 1999

Allard & Fish p.c.

Rodney M. Glusac (P43756)
Attorneys for MCI/Worldcom, Inc.
4/9/99

<u>Exhibit B</u>

FoneTel Customer Notification Materials

L D M I
Telecommunications

May 28, 1999

[Name]
[Address1]
[Address2]
[City], [State] [Zip Code]

Dear FoneTel Customer,

As one of FoneTel's valued customers, we'd like to share some exciting news with you.

> *"FoneTel has agreed to be acquired by LDMI Telecommunications, a full-service telecommunications company. Customers will soon be served by LDMI and will benefit from an even greater level of service and an increased number of innovative solutions", said FoneTel's senior vice president, Nabil Youkhana.*

We are pleased to inform you that LDMI Telecommunications, a rapidly-growing full-service telecommunications provider headquartered in the Detroit area, and with offices in many other cities, has signed a definitive agreement to purchase the customers, operating service name, and certain other assets of FoneTel.

This transition will not affect your service in any way. You will continue to be billed on your same local telephone company bill, just as you are today. That billing will continue in the same manner, with the same great low prices, as you enjoy today with FoneTel. Your great telephone quality and accuracy of billing will remain exactly the same as you have come to expect. The transition will be complete by July 9, 1999.

LDMI recognizes that customers have the choice of many providers of long distance services, and we appreciate that you have chosen FoneTel service from LDMI. But now we'd like to hear from you. If you have any questions or any concerns... if you are having any problems with your service... please call us toll-free at 888-557-5707 (9 a.m. to 10 p.m. Eastern, Monday-Friday. You'll get answered by the same FoneTel customer service representatives that have served you in the past. And if for any reason you are dissatisfied with our new company, LDMI, I make you this pledge: if we cannot solve that problem to your satisfaction, we'll help you in switching over to the long distance company of your choice, and we'll reimburse you for the costs of switching.

With LDMI, you'll have access to the latest technology and services, while retaining the competititive FoneTel prices, and personalized customer service, as always.

Sincerely,

Patrick O'Leary
President and CEO

8801 Conant Avenue, Hamtramck, MI 48211 313.873.5500 Toll Free 800.825.4545 Fax 800.367.5668 www.ldmi.com

Bill Insert Copy:

June 1999

Dear Valued FoneTel Customer,

Over the past several weeks, you have received notification that the customers and certain other assets of FoneTel are in the process of being acquired by LDMI Telecommunications. LDMI is a full-service tele-Communications company providing long distance, toll-free, calling card and many other services, and now including local service in selected areas.

The acquisition is expected to be complete in July.

Shortly thereafter, you will begin working directly with, and receiving Communication from, LDMI in its capacity as your new telecommunications services provider. You'll continue with the great low prices, around the world, that you've come to expect with FoneTel. You'll get the same great customer service that you've experienced in the past. You will continue to be billed on your local telephone company bill, just as you are today.

We recognize that customers have the choice of many providers of long distance service, and we want to be the one you'll continue to choose, both now and into the future. LDMI wants to insure that your service remains uninterrupted during the transition process. We are monitoring that transition very closely. If you have any questions or concerns, please don't hesitate to call, toll free, 888-557-5707, from 9 a.m. to 10 p.m. Eastern, Monday – Friday. We would love to hear from you.

LDMI looks forward to serving your telecommunications needs. You will hear more from LDMI in the coming weeks. Thank you!

June, 1999 FoneTel bills:

LDMI Telecommunications, a full-service telecommunications Company, is acquiring the customers and operating name of FoneTel. This involves no service interruption for FoneTel customers. You'll continue with the same great low prices. LDMI recognizes that customers have the choice of many providers, and we want to continue to be the one you choose. Questions? Comments? Please call 888-557-5707. We'd love to hear from you.