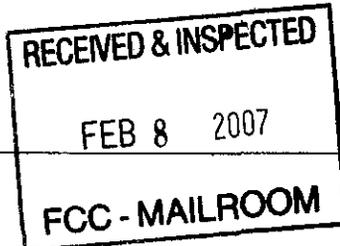




# PUBLIC NOTICE

Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554



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DA 07-551  
Released: February 5, 2007

## DOMESTIC SECTION 214 APPLICATION FILED FOR ACQUISITION OF CERTAIN ASSETS OF TELCO GROUP, INC. TO STI PREPAID, LLC

### STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket No. 07-11

**Comments Due: February 19, 2007**  
**Reply Comments Due: February 26, 2007**

On January 24, 2007, STi Prepaid, LLC ("STi Prepaid") and Telco Group, Inc. ("TGI") (collectively, the "Applicants"), filed an application, pursuant to section 63.04 of the Commission's rules,<sup>1</sup> requesting authority to assign certain of TGI's assets and liabilities, including TGI's blanket domestic authorizations, to STi Prepaid.<sup>2</sup>

Applicants assert that this transaction is entitled to presumptive streamlined treatment under section 63.03(b)(2)(i) of the Commission's rules because the proposed transaction will result in (1) STi Prepaid having a market share in the interstate interexchange market of less than ten percent (10%); (2) STi Prepaid providing competitive telephone exchange services or exchange access services (if at all) exclusively in geographic areas served by a dominant local exchange carrier that is not a party to the transaction; and (3) neither the Applicants nor any of their affiliates are regulated as dominant with respect to any service.<sup>3</sup>

TGI, a privately held Delaware corporation, provides interstate telecommunications services to prepaid calling card customers throughout the U.S. Samer Tawfik, a U.S. citizen, is the sole owner of TGI.

STi Prepaid, a Delaware limited liability company, is a newly formed entity that will hold domestic authorizations to provide telecommunications services previously held by TGI. Applicants state that STi Prepaid does not provide telecommunications services at this time. BEI Prepaid, LLC, a

<sup>1</sup> 47 C.F.R. §§ 63.03, 63.04; *see* 47 U.S.C. § 214.

<sup>2</sup> Applicants filed supplements to the application on January 25, 2007 and January 31, 2007. Applicants are also filing applications for transfer of control associated with authorization for international services. Any action on this domestic 214 application is without prejudice to Commission action on other related, pending applications.

<sup>3</sup> 47 C.F.R. § 63.03(b)(2)(i).

Delaware limited liability company that operates as a telecommunications holdings company, will own a 75 percent interest in STiPrepaid after consummation of the proposed transaction. David Larsen, a U.S. citizen, holds a 10 percent non-voting membership interest in BEI Prepaid, LLC. BEI Prepaid Holdings, LLC, a Delaware holding company whose principal business is telecommunications holdings, owns a 90 percent membership interest and a 100 percent voting interest in BEI Prepaid, LLC. BEI Prepaid Holdings, LLC is a wholly-owned subsidiary of Baldwin Enterprises Inc., a Colorado corporation whose principal business is investment. Baldwin Enterprises Inc. is a wholly-owned subsidiary of Phlcorp, Inc., a Pennsylvania corporation whose principal business is investment holdings. Phlcorp, Inc. is a wholly-owned subsidiary of Leucadia National Corporation ("Leucadia"), a publicly-traded New York corporation whose principal business is investment. Ian Cumming and Joseph Steinberg, both U.S. citizens, each hold a 13 percent interest in Leucadia. Applicants state that none of these 10 percent or greater direct or indirect owners of STi Prepaid hold interests in telecommunications-related entities.<sup>4</sup> Applicants further state that no other person or entity owns a 10 percent or greater direct or indirect ownership interest in STi Prepaid.

Pursuant to a January 23, 2007 Asset Purchase and Contribution Agreement ("Agreement"), TGI and certain of its affiliates (collectively, "Sellers") and STi Prepaid and certain of its affiliates agreed to transfer all or substantially all of TGI's assets and liabilities to STi Prepaid, including the authorizations held by TGI to provide domestic and international telecommunications services. Pursuant to the terms of the Agreement,<sup>5</sup> STi Prepaid will purchase 75 percent of the assets and assume 75 percent of the liabilities of the Sellers. The remaining 25 percent of STi Prepaid will be held by Samer Tawfik through a new limited liability company, ST Finance, LLC ("ST Finance"), a Delaware limited liability company that will be formed at or prior to the consummation of the Transaction. Samer Tawfik will hold 100 percent of the membership interests in ST Finance indirectly through seven holding companies, all of which are Delaware entities: TGI, STi Phonecard Inc., Dialaround Enterprises Inc. ("DEI"), STi Mobile Inc., Phonecard Enterprises Inc., VOIP Enterprises Inc. ("VEI"), and STi PCS, LLC.<sup>6</sup> Samer Tawfik will capitalize ST Finance by contributing the remaining 25 percent 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 25 percent share of the assets and liabilities it received from Samer Tawfik and Sellers to STi Prepaid in exchange for ST Finance holding a 25 percent membership interest in STi Prepaid.

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<sup>4</sup> Applicants state that STi Prepaid, through Leucadia, is affiliated with Antilles Crossing, L.P. and Antilles Crossing (St. Lucia) Limited, which are cable systems located in Barbados and St. Lucia, respectively.

<sup>5</sup> As part of the transaction, the assets of certain other entities owned by Samer Tawfik that are organized under the laws of the Dominican Republic also will be transferred to newly formed subsidiaries of STi Prepaid ("Other Entities"). Applicants state that the Other Entities are organized under the laws of the Dominican Republic and hold no U.S. state or federal telecommunications licenses.

<sup>6</sup> Applicants state that DEI is authorized to provide interstate, international, and intrastate interexchange services in all states except Alaska, Delaware, and Tennessee. VEI currently provides international services. The operations of TGI, DEI, and VEI are being combined into one entity, STi Prepaid. Applicants further state that, once the proposed transfer of TGI's assets, including its telecommunications authorizations, to STi Prepaid is consummated, STi Prepaid will have the requisite authority to provide domestic and international interexchange services, and will not require the authorizations held by DEI and VEI. Thus, after consummation of the proposed transaction, Applicants state that DEI and VEI will make the necessary filings to discontinue and surrender their existing authorizations consistent with the Commission's rules.

Applicants assert that the assignment of TGI's assets to STi Prepaid will benefit consumers by ensuring a wide range of telecommunications choices in the prepaid calling card market. They further state that the combination of existing technical experience at TGI and the financial backing of Leucadia will enhance STi Prepaid's ability to efficiently provide and expand its services.

## **GENERAL INFORMATION**

The transfer of assets identified herein has been found, upon initial review, to be acceptable for filing as a streamlined application. The Commission reserves the right to return any transfer of control application if, upon further examination, it is determined to be defective and not in conformance with the Commission's rules and policies. Pursuant to sections 1.415 and 1.419 of the Commission's rules, 47 CFR §§ 1.415, 1.419, interested parties may file **comments on or before February 19, 2007** and **reply comments on or before February 26, 2007**.<sup>7</sup> Unless otherwise notified by the Commission, Applicants are permitted to transfer the assets and related control on the 31<sup>st</sup> day after the date of this notice.<sup>8</sup> Comments may be filed using: (1) the Commission's Electronic Comment Filing System (ECFS), (2) the Federal Government's eRulemaking Portal, or (3) by filing paper copies. *See Electronic Filing of Documents in Rulemaking Proceedings*, 63 FR 24121 (1998).

- **Electronic Filers:** Comments may be filed electronically using the Internet by accessing the ECFS: <http://www.fcc.gov/cgb/ecfs/> or the Federal eRulemaking Portal: <http://www.regulations.gov>. Filers should follow the instructions provided on the website for submitting comments.
- For ECFS filers, if multiple docket or rulemaking numbers appear in the caption of this proceeding, filers must transmit one electronic copy of the comments for each docket or rulemaking number referenced in the caption. In completing the transmittal screen, filers should include their full name, U.S. Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. To get filing instructions, filers should send an e-mail to [ecfs@fcc.gov](mailto:ecfs@fcc.gov), and include the following words in the body of the message, "get form." A sample form and directions will be sent in response.
- **Paper Filers:** Parties who choose to file by paper must file an original and four copies of each filing. If more than one docket or rulemaking number appears in the caption of this proceeding, filers must submit two additional copies for each additional docket or rulemaking number.

Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (although we continue to experience delays in receiving U.S. Postal Service mail). All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

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<sup>7</sup> See 47 C.F.R. § 63.03(a).

<sup>8</sup> Such authorization is conditioned upon receipt of any other necessary approvals from the Commission in connection with the proposed transaction.

The Commission's contractor will receive hand-delivered or messenger-delivered paper filings for the Commission's Secretary at 236 Massachusetts Avenue, N.E., Suite 110, Washington, D.C. 20002. The filing hours at this location are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of before entering the building. Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743. U.S. Postal Service first-class, Express, and Priority mail should be addressed to 445 12th Street, S.W., Washington D.C. 20554.

People with Disabilities: To request materials in accessible formats for people with disabilities (braille, large print, electronic files, audio format), send an e-mail to [fcc504@fcc.gov](mailto:fcc504@fcc.gov) or call the Consumer & Governmental Affairs Bureau at 202-418-0530 (voice), 202-418-0432 (tty).

**You may submit comments, identified by the above noted docket number, by any of the following methods:**

- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.
- Federal Communications Commission's Web Site: <http://www.fcc.gov/cgb/ecfs/>. Follow the instructions for submitting comments.
- People with Disabilities: Contact the FCC to request reasonable accommodations (accessible format documents, sign language interpreters, CART, etc.) by e-mail: [FCC504@fcc.gov](mailto:FCC504@fcc.gov) or phone: 202-418-0530 or TTY: 202-418-0432.

**In addition, one copy of each pleading must be sent to each of the following:**

- (1) The Commission's duplicating contractor, Best Copy and Printing, Inc., 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554, [www.bcpiweb.com](http://www.bcpiweb.com); phone: (202) 488-5300 fax: (202) 488-5563;
- (2) Tracey Wilson, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-A103, Washington, D.C. 20554; email: [tracey.wilson-parker@fcc.gov](mailto:tracey.wilson-parker@fcc.gov);
- (3) Jodie May, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C234, Washington, D.C. 20554; e-mail: [jodie.may@fcc.gov](mailto:jodie.may@fcc.gov);
- (4) Susan O'Connell, Policy Division, International Bureau, 445 12th Street, S.W., Room 7-B544, Washington, D.C. 20554; email: [susan.o'connell@fcc.gov](mailto:susan.o'connell@fcc.gov); and
- (5) James Bird, Office of General Counsel, 445 12th Street, S.W., Room 8-C824, Washington, D.C. 20554; e-mail: [jim.bird@fcc.gov](mailto:jim.bird@fcc.gov).

Filings and comments are also available for public inspection and copying during regular business hours at the FCC Reference Information Center, Portals II, 445 12th Street, S.W., Room CY-A257, Washington, D.C. 20554. They may also be purchased from the Commission's duplicating contractor, Best Copy and Printing, Inc., Portals II, 445 12th Street, S.W., Room CYB402, Washington, D.C. 20554, telephone: (202) 488-5300, fax: (202) 488-5563, or via e-mail [www.bcpiweb.com](http://www.bcpiweb.com).

For further information, please contact Tracey Wilson-Parker at (202) 418-1394, or Jodie May at (202) 418-0913.

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