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June 13, 2006

**VIA UPS**

Ms. Sharla Dillon, Docket Manager  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

Re: Application of NOS Communications, Inc., NOSVA Limited Partnership  
and Affinity Network Incorporated for Approval of a Change in  
Ownership 06-00155

Dear Ms. Dillon:

Enclosed for filing with the Tennessee Regulatory Authority, please find an original, thirteen (13) copies and a duplicate copy of the above-referenced application. A check in the amount of \$75 to cover the filing fees for the three (3) Applicants is included as well. Please also find a self-addressed, postage-paid envelope. Please date-stamp the duplicate upon receipt and return it in the envelope provided. Should there be any questions regarding this matter, please contact Melissa Conway at (202) 342-8552.

Respectfully submitted,

*Melissa Conway*

Melissa S. Conway

Enclosures

**BEFORE THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE**

**June 13, 2006**

*Re: Application of NOS Communications, Inc., )  
NOSVA Limited Partnership and )  
Affinity Network Incorporated for Approval of ) Docket No. \_\_\_\_\_  
a Change in Ownership of Authorized )  
Telecommunications Providers )*

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**APPLICATION**

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NOS Communications, Inc. ("NOS"), NOSVA Limited Partnership ("NOSVA") and Affinity Network Incorporated ("Affinity") (NOS, NOSVA and Affinity, collectively the "Applicants" or "Parties"), by their counsel and pursuant to Tenn. Code Ann. § 65-4-113, hereby respectfully request authority from the Tennessee Regulatory Authority ("TRA" or "Authority"), to the extent it may be required, for the transfer of control of the Applicants as a result of the acquisition of the shares of Robert A. Lichtenstein ("Mr. Lichtenstein"), the largest shareholder of the Parties, by another shareholder, Samuel P. Delug ("Mr. Delug"). The Applicants are competitive carriers that provide local and long distance telecommunications services to business customers throughout the U.S., including in Tennessee.

This change in control does not involve a transfer of operating authority, assets or customers, and therefore, will not affect the identity of the utilities authorized to provide telecommunications services in Tennessee. The Parties will continue to offer the same services at the same rates, terms and conditions as at present. Accordingly, the contemplated transfer of control will be entirely transparent to consumers. The only change will be that the Applicants will be majority owned by Mr. Delug, rather than by Mr. Lichtenstein. The authorizations and

operations of the companies will not be affected in Tennessee. Following consummation of the proposed transfer of control, the Applicants will continue to operate under their current names and CCNs issued by the Authority, and their business licenses as filed with the Secretary of State.

The closing of the proposed transfer of control is contingent upon receipt of any necessary regulatory approvals, among other things. Therefore, the Applicants request that the Authority grant all relief sought herein at its earliest convenience so that the Applicants can effectuate the transfer of control as soon as practicable.

In support of this Application, the Applicants provide the following information:

## **I. APPLICANTS**

### **A. NOS**

NOS is a corporation organized under the laws of Maryland and headquartered at 4380 Boulder Highway, Las Vegas, NV 89121. NOS provides local and long distance services (including 1+, toll free, international, and calling card services) under the names International Plus, 011 Communications, INETBA, iVANTAGE Network Solutions, and Blueridge Telecom Systems to small and medium business customers throughout the U.S. NOS provides all of its services by utilizing unbundled network elements supplied by or reselling the services of other telecommunications carriers.<sup>1</sup>

In Tennessee, NOS is authorized to provide facilities-based local exchange and resold intrastate telecommunications services.<sup>2</sup> Currently, NOS has 54 customers in Tennessee. NOS

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<sup>1</sup> NOS has one (1) wholly-owned subsidiary, Optic Communications Canada, Inc. ("Optic Canada"), that provides telecommunications services. Optic Canada is a Delaware corporation that provides local and long distances services in Canada by reselling the services of other telecommunications carriers.

<sup>2</sup> See 01-00449, August 29, 2001.

is also authorized to provide both interstate and international telecommunications services by the Federal Communications Commission.

At present, all of the shares of NOS are held by three (3) individuals, all of whom are U.S. citizens: Mr. Delug, Ms. Rosette Delug (“Ms. Delug”), and Mr. Lichtenstein. Mr. Delug and Ms. Delug each hold a 25 percent ownership interest in NOS, while Mr. Lichtenstein holds the remaining 50 percent. The address of Mr. Delug, Ms. Delug, and Mr. Lichtenstein is c/o NOS Communications, Inc., 4380 Boulder Highway, Las Vegas, NV 89121. The principal business of Mr. Delug is telecommunications while the principal business of Ms. Delug and Mr. Lichtenstein is investment.

#### **B. NOSVA**

NOSVA is a limited partnership organized under the laws of Maryland and headquartered at 4380 Boulder Highway, Las Vegas, NV 89121. NOSVA provides local and long distance services (including 1+, toll free, international, and calling card services) to small and medium business customers throughout the U.S. NOSVA provides all of its services by reselling the services of other telecommunications carriers.

In Tennessee, NOSVA is authorized to provide interexchange resale telecommunications services.<sup>3</sup> Currently, NOSVA has 558 customers in Tennessee. NOSVA is also authorized to provide both interstate and international telecommunications services by the Federal Communications Commission.

At present, NOSVA has three (3) limited partners, all of whom are U.S. citizens: Mr. Delug, Ms. Delug, and Mr. Lichtenstein. Mr. Delug and Ms. Delug each hold a 24.75 percent ownership interest in NOSVA, while Mr. Lichtenstein holds a 49.5 percent interest. NOS

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<sup>3</sup> See 95-03301, December 1, 1995.

Communications of Virginia, Inc. (“NOS Virginia”) is the general partner of NOSVA and holds a one (1) percent ownership interest. NOS Virginia is a Virginia corporation that is a holding company; its address is c/o NOS Communications, 4380 Boulder Highway, Las Vegas, NV 89121. At present, Mr. Lichtenstein holds a 50 percent ownership interest in NOS Virginia, while Mr. Delug and Ms. Delug each hold a 25 percent ownership interest.

### **C. Affinity**

Affinity is a corporation organized under the laws of California and headquartered at 3660 Wilshire Blvd., Suite 400, Los Angeles, CA 90010. Affinity provides local and long distance services (including 1+, toll free, international, and calling card services) under the names HorizonOne Communications, QuantumLink Communications, VoiP Communications, Optic Communications, and ANI Networks to small and medium business customers throughout the U.S. Affinity provides all of its services by reselling the services of other telecommunications carriers.<sup>4</sup>

In Tennessee, Affinity is authorized to provide interexchange resale telecommunications services.<sup>5</sup> Currently, Affinity has 1 customer in Tennessee. Affinity is also authorized to provide both interstate and international telecommunications services by the Federal Communications Commission.

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<sup>4</sup> Mr. Delug (along with Ms. Delug and Mr. Lichtenstein) also holds ownership interests in one (1) other telecommunications carrier, Blue Ridge Telecom Systems, LLC (“Blue Ridge”). Blue Ridge is a Delaware corporation that provides local and long distance services in the U.K., under the names Blueridge Telecom Systems, Optic Communications, and VoiP Communications; in Ireland, under the names Blueridge Telecom Systems and Optic Communications; and in Australia, under the name Blueridge Telecom Systems. Although Blue Ridge holds a certificate to provide intrastate service in California, it does not provide telecommunications services in the United States at this time. Blue Ridge provides its services by reselling the services of other telecommunications carriers. Mr. Delug and Ms. Delug each hold a 25 percent ownership interest in Blue Ridge, while Mr. Lichtenstein holds the remaining 50 percent.

<sup>5</sup> See 98-00453, September 1, 1998.

At present, all of the shares of Affinity are held by Mr. Delug, Ms. Delug, and Mr. Lichtenstein. Mr. Delug and Ms. Delug each hold a 25 percent ownership interest in Affinity, while Mr. Lichtenstein holds the remaining 50 percent.

A diagram showing the current corporate structure of the Applicants is provided in *Exhibit A*.

## **II. DESIGNATED CONTACTS**

The designated contact for this Application is:

Melissa Conway  
Kelley Drye & Warren LLP  
3050 K Street NW, Suite 400  
Washington, D.C. 20007  
Tel: (202) 342-8552  
Fax: (202) 342-8452  
[mconway@kelleydrye.com](mailto:mconway@kelleydrye.com)

With a copy to:

Jessica Renneker  
Director of Regulatory Affairs  
NOS Communications, Inc.  
4380 Boulder Highway  
Las Vegas, NV 89121  
Tel: (702) 547-8486  
Fax: (702) 942-5055  
[jrenneker@nos.com](mailto:jrenneker@nos.com)

## **III. DESCRIPTION OF THE TRANSACTION**

Effective June 1, 2006, Mr. Delug and Mr. Lichtenstein entered into a Purchase Agreement pursuant to which Mr. Delug will purchase all the interest of Mr. Lichtenstein in the Applicants in return for a cash payment.<sup>6</sup> The Purchase Agreement provides that Mr. Delug and

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<sup>6</sup> Mr. Delug will also purchase Mr. Lichtenstein's interest in NOS Virginia and Blue Ridge pursuant to the Purchase Agreement. A copy of the executed Purchase Agreement is appended hereto at *Exhibit C*. Please note that the Purchase Agreement is **CONFIDENTIAL** and is being filed **under seal**.

Mr. Lichtenstein will close in escrow and that consummation is conditioned upon receipt of all necessary regulatory approvals.<sup>7</sup> Following consummation of the transactions described in the Purchase Agreement, Mr. Delug will hold a 75 percent ownership interest in NOS and a 75 percent ownership interest in Affinity, and over 74 percent of the ownership interest in NOSVA as a limited partner. Ms. Delug will continue to hold a 25 ownership interest in NOS and a 25 percent ownership interest in Affinity, and over 24 percent of the ownership interest in NOSVA as a limited partner.

A diagram showing the corporate structure of the Applicants post-close is provided in *Exhibit B*.

The proposed transfer of control will be transparent to customers of the Parties. In particular, because the transaction is a stock transaction, the transfer of control will not result in a change of carrier for any of the Parties' customers. Immediately after consummation of transaction, the Parties will continue to offer the same services at the same rates, terms and conditions as at present, and any future changes will be made consistent with TRA requirements. The transaction is not expected to result in any discontinuance of service for any customer. Indeed, the Parties will continue to be backed by the same financial, managerial and technical qualifications that the TRA has already examined in approving the Parties' authorizations to provide service in Tennessee. The day-to-day operations of the Parties will not change as a result of this transaction.

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<sup>7</sup> Applicants are in the process of making similar filings, where required, in all other states in which any of the Applicants are authorized to provide intrastate telecommunications services. At least one of the Applicants is authorized to provide intrastate telecommunications services in every state except Alaska and Hawaii. Applicants have filed a similar Application with the Federal Communications Commission which currently is pending.

#### **IV. PUBLIC INTEREST STATEMENT**

The Applicants respectfully submit that the transaction serves the public interest. After consummation of the proposed transfer, the Parties will continue to offer service under their same names and operating authorities as at present. The transaction involves no change in the entities offering service to customers, the facilities used to provide such services or the services, rates, terms and conditions of such service. All existing tariffs will remain in place. The transfer of control will be transparent to consumers and will not have any adverse impact on them; customers of the Parties will continue to use the same number to reach customer service. The only change will be in the majority shareholder of the Parties.<sup>8</sup>

Furthermore, Mr. Lichtenstein has determined that continued participation as an investor in the Applicants is no longer consistent with his investment objectives. Mr. Delug's purchase of Mr. Lichtenstein's ownership interests in the Applicants will enable the Applicants to continue to participate in the highly competitive market for telecommunications services.

Finally, the proposed transaction will not have a negative impact on competition. The Applicants are non-dominant carriers that will continue to compete with Verizon, at&t, and other carriers in the local and long distance markets for 1+, toll free, international, and calling card services. No existing or potential competitors will be eliminated as a result of the proposed transaction.

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<sup>8</sup> The contemplated transfer of control does not raise any slamming concerns or necessitate compliance with FCC or state procedures to notify customers prior to a carrier-to-carrier sale or transfer of subscribers as the contemplated transaction does not involve any change in a customer's existing service provider. The Parties' customers will remain with their respective companies and will continue to be served under their existing authorizations.

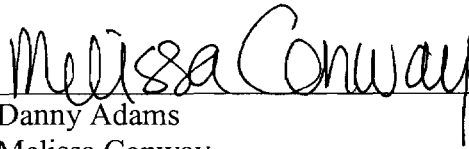


**V. CONCLUSION**

The Applicants respectfully request that the Authority approve the transfer of control described herein and any other relief that the Authority determines is appropriate.

Respectfully submitted,

NOS Communications, Inc.  
NOSVA Limited Partnership  
Affinity Network Incorporated

A handwritten signature in black ink that reads "Melissa Conway". The signature is written in a cursive style and is positioned above a horizontal line.

Danny Adams  
Melissa Conway  
KELLEY DRYE & WARREN LLP  
3050 K Street NW, Suite 400  
Washington, D.C. 20007  
Tel: (202) 342-8400  
Fax: (202) 342-8452

Their Counsel

Date: June 13, 2006

**VERIFICATION**

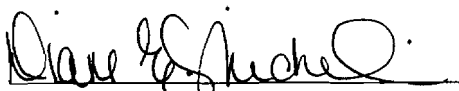
I, Raymond A. Perea, am General Counsel of NOS Communications, Inc. and am authorized to represent it and its affiliates, and to make this verification on their behalf. The statements in the foregoing document relating to NOS Communications, Inc. and its affiliates, except as otherwise specifically attributed, are true and correct to the best of my knowledge and belief.

I declare under penalty of perjury that the foregoing is true and correct.

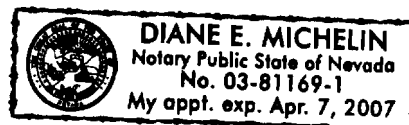


Raymond A. Perea  
General Counsel  
NOS Communications, Inc.

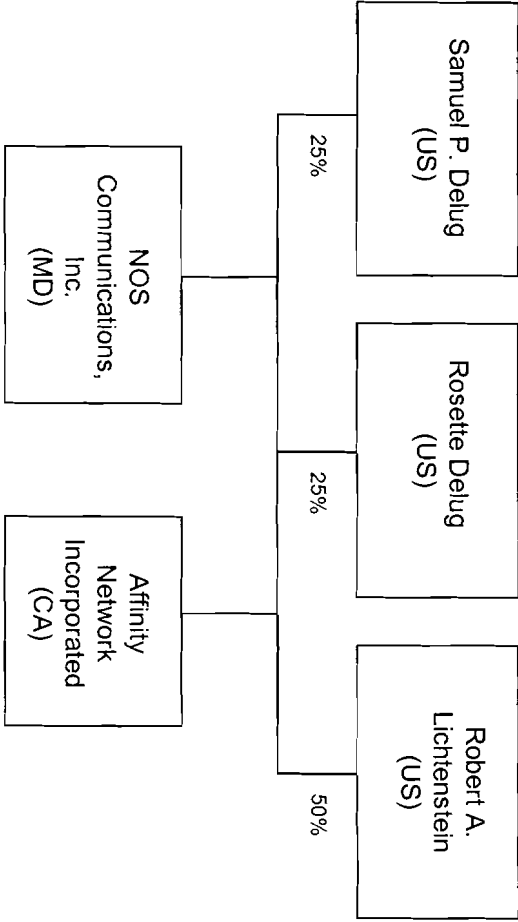
Subscribed and sworn to before me this 6th day of June 2006.

  
Notary Public

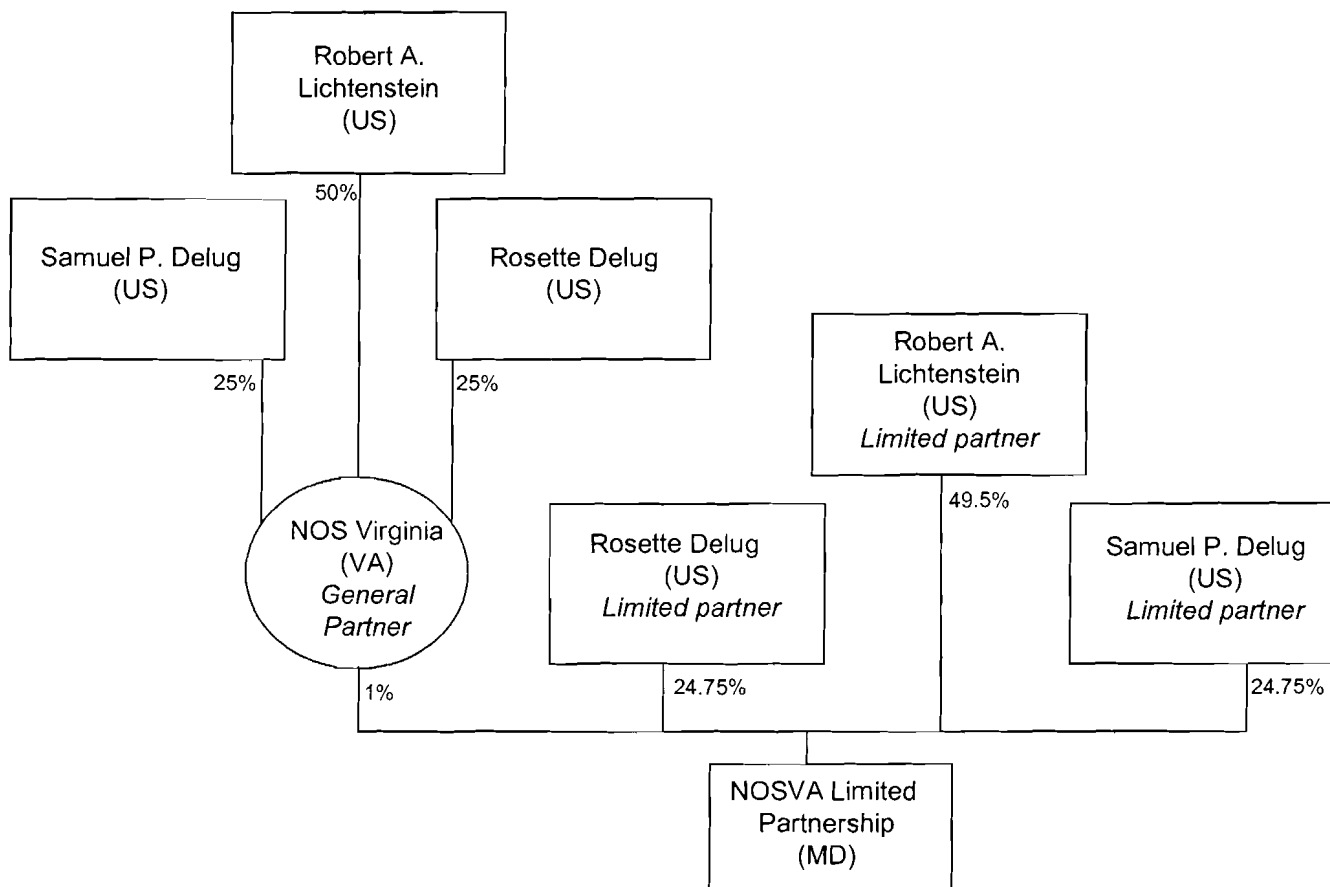
My Commission expires: April 07, 2007



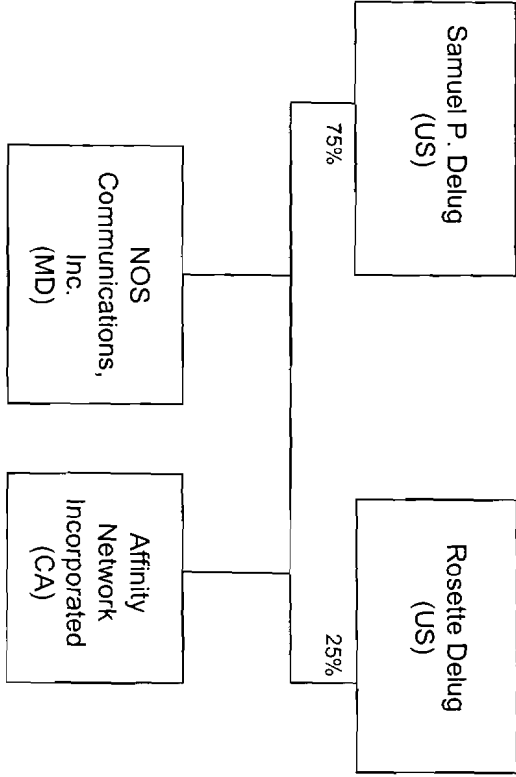
**Current Corporate Structure of NOS and Affinity**



## Current Corporate Structure of NOSVA



**Proposed Corporate Structure of NOS and Affinity**  
**Post-Close**



## Proposed Corporate Structure of NOSVA Post-Close

