

# NOWALSKY, BRONSTON & GOTHARD

A Professional Limited Liability Company

Attorneys at Law

1420 Veterans Memorial Blvd.

Metairie, Louisiana 70005

Telephone: (504) 832-1984

Facsimile: (504) 831-0892

LEON L. NOWALSKY  
EDWARD P. GOTHARD  
PHILIP R. ADAMS, JR.

RECEIVED

2012 AUG 27 PM 12:33

T.R.A. DOCKET ROOM

August 24, 2012

## VIA OVERNIGHT DELIVERY

Executive Secretary  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243

DOCKET NO.

12-00099

Re: Application by Telrite Corporation and Applewood Communications Corporation for approval of an Asset Purchase Agreement and Transfer of Customers

Dear Sir or Madam

On behalf of Telrite Corporation and Applewood Communications Corporation enclosed please find an original and thirteen (13) copies of the referenced Application. Also enclosed is the requisite \$50.00 filing fee. Confidential treatment is requested for Exhibit "C" – Financials, and the contents of same are enclosed in an envelope marked, "Confidential, for Public Service Commission Staff Only". A Public version of the exhibit is also enclosed..

Please date stamp and return the enclosed extra copy of this letter in the envelope provided.

Please call me should you have any questions concerning this filing. Thank you for your assistance with this matter.

Sincerely,



Leon L. Nowalsky *lnb*

LLN/rph

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**APPLICATION BY  
TELRITE CORPORATION AND  
APPLEWOOD COMMUNICATIONS  
CORPORATION FOR APPROVAL OF AN  
ASSET PURCHASE AGREEMENT  
AND TRANSFER OF CUSTOMERS**

)  
)  
)  
)  
)  
)

**CASE NO. \_\_\_\_\_**

**JOINT APPLICATION**

Telrite Corporation ("Telrite") and Applewood Communications Corporation. ("Applewood") (together "Applicants"), pursuant to the applicable Statutes of this State and the Commission's Rules and Regulations currently in effect and/or subsequently enacted, hereby jointly request Commission approval of a transaction whereby, pursuant to an Asset Purchase Agreement (the "Agreement"),<sup>1</sup> Telrite will acquire substantially all of the assets of Applewood, including, but not limited to, Applewood's customer accounts in this State (the "Acquisition").

Applicants respectfully submit that the expeditious completion of the Acquisition is necessary to ensure uninterrupted service to Applewood's customers. Applewood will continue to provide service to its customers until such time as the Commission approves the Agreement and this Application.

Applicants emphasize that the Acquisition will not change the rates, terms and conditions under which Applewood's customers will receive service. The Acquisition benefits Applewood's customers by providing them assurances that they will continue to receive the same high quality services previously rendered to them. In compliance with

---

<sup>1</sup> A copy of the Agreement is attached hereto as Exhibit "A."

applicable law, customers of Applewood will be informed of the Acquisition.<sup>2</sup> Accordingly, approval of the Acquisition will not in any way be detrimental to the public interests of this State.

In support of this Application, Applicants submit the following:

## **I. THE PARTIES**

1. Telrite is a Georgia corporation with principal offices located at 4113 Monticello Street, Covington, Georgia 30014. Telrite is a certified long distance telecommunications resale provider in this State.<sup>3</sup>

2. Applewood is a Delaware corporation with principal offices located at 1057 Bill Tuck Highway, Suite 224, South Boston, VA 24592. Applewood is a certified long distance telecommunications resale provider in this State.<sup>4</sup>

## **II. DESIGNATED CONTACTS**

3. The designated contact for questions concerning this Application is:

Leon Nowalsky, Esq.  
Nowalsky, Bronston & Gothard  
A Professional Limited Liability Company  
1420 Veterans Blvd.  
Metairie, Louisiana 70005  
Telephone: (504) 832-1984  
Fax: (504) 831-0892  
[lnowalsky@nbglaw.com](mailto:lnowalsky@nbglaw.com)

---

<sup>2</sup> The proposed form of the customer notice is provided in Exhibit "B" attached hereto.

<sup>3</sup> Telrite provides resold long distance telecommunications services in this State pursuant to authority granted in Docket No. 05-00195 dated 8/31/2005.

<sup>4</sup> Applewood provides resold long distance telecommunications services in this State pursuant to authority granted in Docket No. 07-00154 dated 12/19/2008.

Copies of such correspondence should also be sent to:

Michael Geoffroy, Esq.  
Telrite Corporation  
4113 Monticello Street  
Covington, GA 30014

And

Applewood Communications, Inc.  
277 Royal Poinciana Way, Suite 143  
Palm Beach, FL 33480

### III. REQUEST FOR APPROVAL OF THE ACQUISITION

5. The Acquisition contemplates the following:

- a. Telrite will receive ownership, right, title and interest in and to substantially all of Applewood's assets, including its customer accounts, as defined in the Agreement.
- b. Applewood will receive the purchase price set forth in the Agreement.

6. Telrite is well-qualified to consummate the transactions which are the subject of this Application.<sup>5</sup> The technical, managerial and financial personnel of Applewood will assist Telrite with the transition and integration of the acquired Assets after consummation of the transaction. Information on Telrite's management team is attached hereto as Exhibit "D".

7. Because Telrite will acquire substantially all of the assets of Applewood and Applewood will thereafter cease operations in this State, Applewood will no longer require authority to provide service in this State. **Applicants therefore respectfully request that, through this proceeding, the Commission grant any authority necessary to permit Applewood to discontinue service upon approval of this Application and consummation of the Acquisition, permit Applewood to relinquish**

---

<sup>5</sup> Current financial information for Telrite is attached hereto as Exhibit "C" (PUBLIC COPY)

**its certification in this State, simultaneously with the effective date of the Acquisition, and cancel Applewood's filed tariffs on the effective date of the Commission's order.**

#### **IV. PUBLIC INTEREST CONSIDERATIONS**

8. Crucial to the Acquisition is the need to ensure the continuation of high quality, uninterrupted service to all customers currently served by Applewood. The Acquisition will serve the public interest in that it will ensure that current Applewood customers maintain uninterrupted service.

9. The Acquisition will not have any impact on Applewood's customers in terms of the services that they presently receive. In particular, the Acquisition will not cause any change to the rates, terms and conditions of service that Applewood's customers presently receive. Telrite will incorporate such rates, terms and conditions into its tariffs by separate filing, if necessary.

10. The Acquisition will also serve to create a heightened level of operating efficiency which generally will serve to enhance the overall capacity of Telrite to compete in the marketplace and to provide telecommunications services for a greater number of consumers in this State at competitive rates.

#### **V. EXPEDITED REVIEW**

11. Applicants request expedited review and disposition of the instant Application in order to ensure that the transaction is transparent to the affected customers with no interruption in service.

## VI. NO TRANSFER OF CERTIFICATES

12. Applicants do not request transfer of Applewood's Certificates of Public Convenience and Necessity, or other operating authority, to Telrite. **Applewood requests that its Certificates and tariffs be considered surrendered upon approval of the instant transaction.**

## VII. CONCLUSION

13. WHEREFORE, for the reasons stated herein, Applicants respectfully request that the Commission approve the Agreement, authorize Applewood and Telrite to consummate the Acquisition as soon as possible and grant the other relief specifically requested herein.

DATED this 24<sup>th</sup> day of August, 2012.

Respectfully submitted,

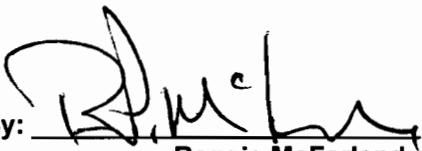
Leon Nowalsky

Leon Nowalsky, Esq. *inc*  
Nowalsky, Bronston & Gothard  
A Professional Limited Liability Company.  
1420 Veterans Blvd.  
Metairie, Louisiana 70005  
Telephone: (504) 832-1984  
Fax: (504) 831-0892  
Counsel for Applicants

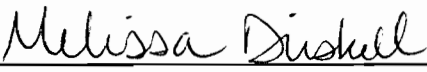
STATE OF Georgia  
COUNTY OF Newton

**VERIFICATION**

I, Reggie McFarland, am the Chief Executive Officer of Telrite Corporation, and am authorized to make this verification on its behalf. The statements made in the foregoing Application are true of my own knowledge, except as to those matters which are therein stated on information and belief, and as to those matters I believe them to be true.

By:   
Name: **Reggie McFarland**  
Title: **Chief Executive Officer**

Sworn to and subscribed before me, Notary Public, in and for the State and County named above, this 3 day of August, 2012.

  
Notary Public

My commission expires:



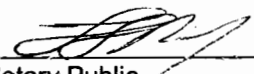
STATE OF *Louisiana*  
COUNTY OF *Jefferson*

**VERIFICATION**

I, Courtlandt G. Miller, am the Chief Executive Officer of Applewood Alpha, Inc. (formerly called Applewood Communications Corporation), and am authorized to make this verification on its behalf. The statements made in the foregoing Application are true of my own knowledge, except as to those matters which are therein stated on information and belief, and as to those matters I believe them to be true.

  
By: \_\_\_\_\_  
Name: **Courtlandt G. Miller**  
Title: **Chief Executive Officer**

Sworn to and subscribed before me, Notary Public, in and for the State and County named above, this 7th day of August, 2012.

  
\_\_\_\_\_  
Notary Public

My commission expires:

**LEON L. NOWALSKY**  
Notary Public, State of Louisiana  
My Commission is issued for life.  
Notary Number : 4339



# EXHIBIT "A"

## ASSET PURCHASE AGREEMENT

## ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (the "Agreement") is entered into as of May 10, 2012 (the "Effective Date") by and among **TELRITE CORPORATION**, a Georgia corporation ("Buyer") with offices located at 4113 Monticello Street, Covington, Georgia 30014, **APPLEWOOD COMMUNICATIONS CORPORATION**, formerly known as ETZEL HOLDINGS, INC., a Delaware corporation with offices located at 1057 Bill Tuck Highway, Suite 224, South Boston, VA 24592 ("Seller") and **ALBERDALE LLC**, a New York limited liability company with offices located at 152 Madison Avenue, 22<sup>nd</sup> Fl., New York, NY 10016, the sole shareholder of Seller ("Alberdale").

WHEREAS, Seller and Buyer have previously entered into a Management Agreement dated October 30, 2009 (as amended November 30, 2009), a related Wholesale Services Agreement and exhibits thereto (collectively, the Management Agreement") under which Buyer manages the Seller's customers, who are purchasing traditional, Non-VOIP long distance and toll free services and dial-up and email services (the Business") from Seller.

WHEREAS, Seller and Alberdale desire that Seller sells the Business to Buyer, and Buyer desires to purchase the Business from Seller, on the terms and conditions hereinafter set forth.

WHEREAS, the Seller and the Buyer desire to terminate the Management Agreement upon regulatory approval on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements contained herein, the parties hereto covenant and agree as follows:

### Section 1. **Purchase and Sale of Assets.**

#### 1. Included and Excluded Assets.

1.1 Included Assets. At the Closing (as defined hereafter), Seller shall sell, transfer, convey, assign and deliver to Buyer, and Buyer shall purchase and accept from Seller, all of Seller's right, title, and interest in and to the Assets. Except as provided in Section 1.2 hereof, "Assets" shall mean those assets used by Seller, or owned by Seller in connection with, the Business, wherever located and whether or not recorded on Seller's books, including:

- (a) Customer List and Customer Accounts. All traditional, non-VOIP long distance and toll free services and all dial up internet and email services all of which are listed on Schedule 1.1(a) (the "Purchased Customers").
- (b) Documents and Records/Computer Servers. Copies of all documents and records in Seller's possession relating to the operation of the Business and originals of all documents and records in Seller's possession relating to Seller's ownership, use, maintenance, or repair of the Assets, whether in

paper, computer, electronic or magnetic form. Documents and records covered by this Section 1.1(b) include, without limitation, sales and cost records, lists of suppliers and related files, all certificates and other books and records that Buyer, in its good faith judgment, determines to be necessary for the operation of the Business by Buyer after the Closing Date. Two computer servers, one of which supports the provision of email accounts and the other of which supports the provision of dial-up Internet services to certain of the Purchased Customers.

- (c) Intellectual Property. The intellectual property specified herein including the ownership of "Applewood Communications" and any related names and brands which could be deemed confusingly similar to "Applewood Communications." Seller may continue to use "Applewood" but may not use "Communications" in its corporate name.
- (d) Prepaid Expenses and Deposits. Seller shall remit to Buyer, and Buyer shall retain, any advance payments or deposits collected by Seller or by Buyer for products or services to be delivered or work to be performed or completed by the Business after the Closing.

1.2 Excluded Assets. Notwithstanding the foregoing, the following assets of Seller (the "Excluded Assets") will be retained by Seller and will not be included in the Assets:

- a.) Cash and Securities. All of Seller's cash-on-hand, deposits in bank accounts with the exception of receivables purchased by Buyer pursuant to paragraph 3.1(d), short and long term investments and marketable securities.
- b.) Records. All minute books, stock records and personnel records.
- c.) Other Excluded Assets. Seller's prepaid calling card customers and any other assets not related to the Business and the Purchased Customers.

## 2. Assumed and Excluded Liabilities and Termination of Management Agreement

2.1 Assumption of Liabilities. Simultaneously with the transfer of the Assets on the Closing Date, Buyer shall assume, as of the Effective Date, all liabilities and obligations relating to the operation of the Business, the provision of Business services to the Purchased Customers, the collection of all monies from such Purchased Customers and the filing of all reports and payment of all taxes and tariffs to state, federal or local jurisdictions or regulatory agencies that result from the operation of the Assets and provision of Business services to the Purchased Customers. The foregoing liabilities shall be collectively referred to herein as the "Assumed Liabilities."

2.2 Excluded Liabilities. Except for the Assumed Liabilities, Buyer shall not

assume or be responsible for any liabilities or obligations of Seller or any predecessor of Seller, regardless of nature, whether accrued, unaccrued, absolute, contingent, known or unknown ("Excluded Liabilities").

2.3 Termination of Management Agreement. Effective upon regulatory approval, there being no useful purpose to continuation of the Management Agreement, such agreement shall be terminated by mutual agreement of the parties and no termination fees shall be payable by Seller to Buyer under 3.1(g) of the Management Agreement. Buyer shall calculate and withhold all usual and customary monthly fees and charges under Article III of the Management Agreement with respect to the April 8, 2012 billing cycle and shall pay Seller on May 15, 2012 for net monies collected from the April 8, 2012 prior month's billings cycles. After May 15, 2012, at no additional charge to Seller, Buyer shall seek to collect monies owed by Purchased Customers for services rendered to the Purchased Customers on or before April 8, 2012 and shall remit to Seller all such funds on each 15<sup>th</sup> of the following months until it is reasonable to assume any further collection efforts would be futile. All monies collected by Buyer from a Purchased Customer shall be applied to the oldest account receivable of such customer unless such customer has lodged a dispute of such amount.

### 3. Payment of Purchase Price, Return of Deposit and Accounts Receivables

a.) The purchase price for the Assets (the "Purchase Price") is [REDACTED] subject to adjustment as provided herein. For purposes of this Section 3.1, the term "Net Revenue" shall mean billed revenue minus all taxes, regulatory assessments, pass-through charges, USF, PICC, federal, state and local taxes/surcharges, LNP, SLC, 911 charges, finance charges and other similar or related amounts billed to end user customers of the Business for a designated calendar month

a. [REDACTED] the Purchase Price represents the portion of the Purchase Price attributable to the Purchased Customers.

The Purchase Price relative to the initial average six months billings ended March 8, 2012 of [REDACTED] (the "Initial Average Balance") equals a multiple of [REDACTED] divided by [REDACTED] = [REDACTED] (the "Purchase Multiple"). If the average trailing six months Net Revenue (March 8 billings through August 8 billings) (the True Up Average Balance") between the Effective Date and August 8, 2012 ("True-up Date") declines below [REDACTED] (the "Floor"), the Purchase Price shall be reduced to an adjusted purchase price equal to the Purchase Multiple multiplied by the True Up Average Balance. For example, if the True Up Average Balance on the true up date is [REDACTED], \$1,000 above the Floor, there shall be no adjustment to Purchase Price. A second example, if the True Up Average Balance on the True-up Date is [REDACTED] \$2,000 below the Floor, then the Purchase Price shall be reduced to [REDACTED] = [REDACTED]. The final payment of [REDACTED] shall be reduced by the [REDACTED] = [REDACTED] for a new final payment of [REDACTED]

The Purchase Price shall be paid in the following intervals: [REDACTED]

[REDACTED] the Closing;

[REDACTED] on June 8, 2012;

and [REDACTED] DOLLARS [REDACTED] on August 8, 2012. [REDACTED] (or such lesser amount as described above) to be paid on or before August 2012 shall be evidenced by a promissory note issued to Buyer from Seller and Seller shall prepare and file a UCC-1 against the assets of Buyer in the State of Georgia. Upon payment of the [REDACTED], Seller shall file a UCC-3 voiding the security interest created by the original UCC-1 filing within ten (10) days. No interest shall accrue on the promissory note so long as Buyer has met its obligations under the Note. A copy of the Note is set forth as Attachment A hereto.

b.) In connection with the Management Agreement, Seller paid to Buyer a deposit of [REDACTED] (the "Deposit"). In connection with the mutual termination of the Management Agreement, Buyer shall repay to Seller the Deposit on May 31, 2012. Subject to sub-paragraph 2.3 herein, all offsets permitted or contemplated under the Management Agreement relating to Buyer's management of the Business on and before the Effective Date, if any, shall be deducted from the Deposit.

c.) Accounts Receivable for all accounts billed prior to April 8, 2012 collected by Buyer shall be paid to Seller on the 15<sup>th</sup> of each following month until all collection efforts to collect such receivables shall have been exhausted. All monies collected by Buyer from a customer shall be applied to the oldest account receivable of such customer unless such customer has lodged a dispute of such amount.

4. Representations and Warranties of Seller. Except as disclosed in schedules referring to the representations and warranties in this Agreement and delivered by the Seller contemporaneously with the execution of this Agreement, Seller represents and warrants to Buyer that the following statements are true, accurate and complete as of date hereof and the Closing Date.

4.1 Organization; Standing; Corporate Power. Seller, APPLEWOOD COMMUNICATIONS CORPORATION, formerly known as ETZEL HOLDINGS, INC., and Alberdale LLC are corporations duly organized, validly existing, and in good standing under the laws of the state of Delaware and New York, respectively, and each has full corporate power to carry on the Business as now conducted. Seller and Alberdale are duly qualified to do business as a foreign corporation in all jurisdictions where its failure to be so qualified would result in any liability to Buyer after the Closing Date or have a material adverse effect upon the Business or the Assets. Seller's equity is wholly owned by Alberdale, LLC.

4.2 Authorization. Seller and Alberdale have full power, authority, and legal right to execute and deliver this Agreement and the other instruments for which provision is made herein and to perform its obligations under this Agreement and such other instruments. Upon execution and delivery by Seller and Alberdale, this Agreement and the other instruments for which provision is made herein will constitute valid and binding obligations of Seller and Alberdale enforceable against it in accordance with their respective terms

4.3 Consents and Approvals; No Violations. Neither the execution and delivery of this Agreement nor the performance by Seller of its obligations under this Agreement will

(a) result in a violation of any applicable statute, ordinance, rule, or regulation, order, judgment, writ or decree of any court or governmental or regulatory body applicable to Seller, or by which any of the Assets may be bound; (b) conflict with Seller's Articles of Incorporation or Bylaws (or similar charter documents); or (c) result in the breach of, or constitute a default under, any agreement or instrument to which Seller is a party, or by which Seller or any of the Assets is bound.

4.4 Disclosure. Neither the representations or warranties made by the Seller in this Agreement or in any other document executed and delivered by Seller pursuant to this Agreement contain any untrue statement of a material fact, or omit to state a material fact necessary to make the statements or facts contained herein or therein not misleading.

4.5 Conduct of Business. Since the Effective Date, Seller has operated the Business in the usual and ordinary course and has not sold or otherwise disposed of any of the Assets.

4.6 Tax Matters. Seller shall indemnify Buyer against any and all claims arising from the filing, compliance, and payment of all taxes and regulatory assessments of any kind relating to the operation, prior to the Effective Date, of the Assets purchased hereunder. There are no known liens on any of the Assets that arose in connection with any failure (or alleged failure) to pay any Tax prior to the Effective Date. There is no material dispute or claim concerning any Tax liability of Seller either (A) claimed or raised by any authority in writing. No written claim has been made by an authority in any jurisdiction where the Seller does not file Tax Returns that it is or may be subject to taxation by that jurisdiction. For purposes of this Agreement, "Tax" or "Taxes" means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, telecommunications, telecommunications-related, excise, federal universal service fund, state universal service fund, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code §59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax or assessment of any kind whatsoever, whether computed on a separate or consolidated, unitary or combined basis or in any other manner, including any interest, penalty, or addition thereto, whether disputed or not. "Tax Return" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof

4.9 Assets. Seller has good and marketable title to the Assets, free and clear of all mortgages, security interests, title defects, pledges, liens, charges, options and encumbrances of any kind or description, except the security interest in Seller's assets held by Alberdale pursuant to a UCC-1 filing made in the Commonwealth of Virginia (file # 0728915-0). Alberdale, as the sole shareholder of Seller, is a party to this agreement, has approved the transactions contemplated hereby and waives any claims to the Assets sold and transferred hereunder. The Assets constitute all of the assets (other than the Excluded Assets) used or held for use by Seller in its conduct of the Business and are in sufficient order to permit the operation of the Business after the Closing Date in the same manner as it was operated immediately prior to the Effective Date.

4.10 Patents, Trade Names, Etc. There are no patents, patent applications, invention disclosures, technology, know-how, intellectual property, trade secrets, trade names or trademarks used by Seller in connection with the Business other than "Applewood". Neither the operation of the Business nor the products or services sold by Seller infringe on the proprietary rights of others. Seller has not received any notice alleging that it has infringed on any other party's intellectual property rights. Seller does not have any liability for, nor has it given any indemnification for, infringement of any other party's intellectual property rights.

4.11 Contracts and Commitments. Other than as set forth on Schedule 4.11, there are no material written contracts, agreements, leases and commitments to which Seller is a party or by which it or any of its Assets are bound, including without limitation, all supplier contracts, or rebate arrangements. Except as set forth on Schedule 4.11, Seller is not a party to or bound by any oral or written:

- (a) Contract, agreement, or commitment for employment or personal services or any severance agreement;
- (b) Contract, agreement, or commitment relating to the lease or sale to or by others of any of real or personal property;
- (c) Contract not made in the ordinary course of the Business;
- (d) Any arrangement restricting Seller's or the Business's ability to conduct any business in any place in the world; or
- (e) Any other material contract.

Seller has performed and is performing in all material respects all obligations required to be performed by it, and to its knowledge, neither Seller nor any other party thereto, is in default under any material written contract, agreement, or commitment to which any of them is a party. Seller has not received any notice of default under any such contract, agreement, or commitment, nor has any event occurred that with notice or lapse of time or both would constitute a default by Seller thereunder. None of such contracts, agreements, or commitments is subject to any impending cancellation or breach.

4.12 [omitted]

4.13 Permits and Licenses; Compliance with Laws. Seller is fully qualified under the Communications Act of 1934, as amended to be a Federal Communications Commission ("FCC") licensee. Neither the ownership of the Assets by Seller nor the operation of the Business as presently conducted violates in a material way any applicable order, law, ordinance, code, or regulation. To the best of Seller's knowledge, no investigation is pending or threatened regarding the existence of any such violation. There are no existing applications, petitions to deny or complaints or proceedings (other than proceedings affecting the long distance industry generally) pending before the FCC or any other governmental authority having jurisdiction over

the Business or any Assets relating to Seller or the Business. Seller has not received a claim of default regarding any of the authorizations. None of the authorizations will be, or could be reasonably expected to be, adversely affected by consummation of any action of Seller taken in connection with the transactions contemplated hereby. The Seller has not entered into any obligation, agreement, arrangement or understanding to sell, transfer, deliver, convey, assign or dispose of any authorization or that would affect Buyer's ownership or use of any authorization after Closing.

4.14 Regulatory Approvals. The transactions contemplated herein shall not be deemed consummated in full until any and all pertinent regulatory and government agencies have approved same ("Regulatory Approvals"). From the Effective Date through and including the Closing Date, the Assets shall be managed by Buyer as if the closing has occurred on the Effective Date.

4.15 No Pending or Threatened Litigation and Claims. Seller states: (a) no suit or proceeding is pending against or by Seller or against the Assets; (b) no claim has been asserted or, to the best of Seller's knowledge, threatened against Seller or by Seller or against the Assets; (c) Seller does not know of any basis for any material claim to be asserted against it or affecting the Assets; (d) no claim, action, cause of action, suit, proceeding, inquiry, investigation or order by or before any governmental authority, court, administrative body or arbitration panel has been instituted or prosecuted against Seller in the past five years.

4.16 Customers, Suppliers and Sales Representatives or Agents. Schedule 4.16 attached hereto contains a listing of all suppliers and sales representatives or agents of the Business as at the Effective Date. Seller is not aware of any existing or anticipated changes in the policies or conditions, financial or otherwise, of its customers, suppliers or sales representatives which will materially and adversely affect the Business either as now conducted or subsequent to the Closing Date. None of the suppliers or sales representatives of the Business set forth in Schedule 4.16 has canceled or otherwise terminated, or made any written or oral threat to Seller to cancel or otherwise terminate for any reason, including the consummation of the transactions contemplated hereby, its relationship with Seller. To the best of Seller's knowledge, no supplier or sales representative listed in Schedule 4.16 intends to cancel or otherwise terminate its relationship with Seller or to decrease its provision of services or supplies to Seller.

4.17 Insurance. There are no claims of any nature including any casualty, wrongful discharge, product liability, workman's compensation or other claims (whether open, settled, resolved, or otherwise) made or pending in relation to such Seller's insurance policies relating to the Business or any other aspect of this Agreement during the last five years.

4.18 Finders. No finder or broker has acted or is acting on behalf of Seller in connection with the transactions contemplated by this Agreement.



5. Representations and Warranties of Buyer. Buyer represents and warrants to Seller that the following statements are true, accurate and complete as of date hereof and the Closing Date:

5.1 Organization, Existence, and Standing of Buyer. Buyer is a corporation duly organized, validly existing, and in good standing under the laws of the State of Georgia.

5.2 Power of Buyer. Buyer has full corporate power, authority, and legal right to execute and deliver this Agreement and to perform its obligations under this Agreement. Upon execution and delivery by Buyer, this Agreement will constitute a valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms.

5.3 No Legal Violations. Neither the execution and delivery of this Agreement by Buyer, nor the performance by Buyer of its obligations under this Agreement, will (a) result in a violation of any applicable statute, ordinance, rule, or regulation, order, judgment, writ or decree of any court or governmental or regulatory body applicable to Buyer; (b) conflict with Buyer's Articles of Incorporation or Bylaws (or similar charter documents); or (c) result in the breach of, or constitute a default under, any agreement or instrument to which Buyer is a party, or by which it is bound.

5.4 Permits and Licenses; Compliance with Laws. Buyer is fully qualified under the Communications Act of 1934, as amended to be a Federal Communications Commission ("FCC") licensee. Neither the ownership of the Assets by Buyer nor the operation of the Business violates in a material way any applicable order, law, ordinance, code, or regulation. To the best of Buyer's knowledge, no investigation is pending or threatened regarding the existence of any such violation. There are no existing applications, petitions to deny or complaints or proceedings (other than proceedings affecting the long distance industry generally) pending before the FCC or any other governmental authority having jurisdiction over the Business or any Assets relating to Buyer or the Business. Buyer has not received a claim of default regarding any of the authorizations. None of the authorizations will be, or could be reasonably expected to be, adversely affected by consummation of any action of Seller taken in connection with the transactions contemplated hereby. The Buyer has not entered into any obligation, agreement, arrangement or understanding to sell, transfer, deliver, convey, assign or dispose of any authorization or that would affect Buyer's ownership or use of any authorization after Closing.

5.5 Regulatory Approvals. The transactions contemplated herein shall not be deemed consummated in full until any and all pertinent regulatory and government agencies have approved same ("Regulatory Approvals"). From the Effective Date through and including the Closing Date, the Assets shall be managed by Buyer as if the closing has occurred on the Effective Date under the existing Management Agreement.

5.6 Finders. No finder or broker is acting or has acted on behalf of Buyer in connection with the transactions contemplated by this Agreement.

6. Covenants by Seller.

Date: 6.1 Conduct Prior to the Closing Date. From the date hereof until the Closing

(a) Seller shall (i) maintain the Assets in good repair, working order and condition consistent with past practice, reasonable wear and tear excepted; (ii) (deleted) (iii) use its commercially reasonable best efforts to keep available to Buyer, the services of its employees and agents and preserve for Buyer its relationships with suppliers, customers and others having business relationships with it; (iv) inform Buyer, on a regular basis, about all material matters affecting the Business; (v) maintain its books of account and records in the usual and ordinary manner; (vi) comply in all material respects with all applicable laws and regulations; (vii) maintain its present insurance in full force and effect, with policy limits and scope of coverage not less than is now provided by its present insurance; (viii) pay all accounts payable and other obligations on a basis consistent with the practices of the Business as of the date hereof; (ix) maintain its system of internal accounting controls; and (x) otherwise continue to operate in the ordinary course of its business;

(b) Without the prior written consent of Buyer, which shall not be unreasonably withheld, Seller shall not: (i) change its corporate structure, (ii) amend its charter or bylaws, (iii) amend, supplement or terminate any material contract, (ii) other than in the ordinary course of business, incur any single liability in excess of \$5,000, (v) transfer or otherwise dispose of any of the Assets, other sales of property not material to the Business and that in the aggregate has a value not exceeding \$25,000, or (iii) directly or indirectly engage in any negotiations, discussions, or communications with, solicit or entertain offers from, or provide any information to, any persons or entities other than Buyer relating to the possible acquisition of Seller or the Business by such persons or entities;

(c) Seller shall provide Buyer's employees, agents, and authorized representatives with reasonable access to the locations operated by Seller and to the documents, books and records relating to the Business, to the extent necessary to enable Buyer to make a thorough investigation of the Business;

(d) Seller shall use its reasonable best efforts to cause the conditions set forth in Section 8 to be satisfied on or prior to the Closing Date.

6.2 Customers Records (CR).

(a) On or before the Closing Date, Seller will provide Buyer with copies of the name, address, phone number and pertinent billing data for all active Purchased Customers in its database for the period commencing from six (6) months prior through and including the Effective Date, not otherwise in the possession of Buyer.

(b) On or before the Closing Date, Seller will provide Buyer with copies of the records of all Purchased Customers which may include active and inactive customers, not otherwise in the possession of Buyer.

6.3 FCC; PSCs/PUCs. As soon as practicable after execution of this Agreement, Buyer and Seller will mutually apply for permission from the FCC and all applicable state PSCs and PUCs for the consummation of the transactions contemplated hereby.

6.4 Cooperation and Further Assurances. Seller agrees to cooperate with Buyer after the Closing Date in connection with the maintenance of favorable relations with all of Seller's customers and suppliers, and to otherwise provide Buyer with such reasonable cooperation as is necessary to allow Buyer to obtain the full benefit of the transactions contemplated by this Agreement. In addition, Seller will, from time to time after the Closing Date, upon the reasonable request of Buyer, execute, acknowledge, and deliver all such further acts, assignments, transfers, conveyances, and assurances as may be reasonably required to transfer to and to vest in Buyer all right, title, and interest of Seller in and to the Assets and to protect the right, title, and interest of Buyer in and to all of the Assets. Buyer shall promptly reimburse Seller for the reasonable costs incurred in carrying out its obligations under this Section 6.4.

6.5 [omitted]

7. Covenants of Buyer.

7.1 Conduct Prior to the Closing Date. From the date hereof until the Closing Date, Buyer will use its best efforts to cause the conditions set forth in Section 9 to be satisfied on or prior to the Closing Date.

7.2 Access for Seller. Buyer agrees to provide Seller with such reasonable cooperation as is necessary to allow Seller to obtain the full benefit of the transactions contemplated by this Agreement.

7.3 Employees. Buyer shall offer employment to none of Seller's employees.

8. Conditions to Obligations of Buyer. The obligations of Buyer under this Agreement are subject to the satisfaction on or prior to the Closing Date of the following conditions.

8.1 Representations and Warranties True on the Closing Date. Seller's representations and warranties made in this Agreement shall be true in all material respects as of the Closing Date as though such representations and warranties were made as of the Closing Date, except for those representations and warranties made as of a particular date, which shall be true in all material respects as of such date.

8.2 Compliance with Agreement. Seller shall have performed and complied in all material respects with all of its obligations under this Agreement that are to be performed or complied with by it prior to or on the Closing Date, and Seller shall not otherwise be in default in any material respect under any of the provisions of this Agreement.

8.3 No Litigation. No litigation, proceeding, investigation or inquiry shall be pending or threatened which, if sustained, would enjoin or prevent the consummation of the transactions contemplated by this Agreement or materially and adversely affect Buyer's right to carry on the Business as currently conducted.

8.4 Third-Party Consents. Seller, provided Buyer has complied with the requirements set forth in Section 5, shall have obtained all third-party consents and approvals not including governmental and regulatory consents and approvals set forth on Schedule 4.3 not including governmental and regulatory consents and approvals addressed elsewhere herein or otherwise required to permit consummation of the transactions contemplated by this Agreement and to allow for the assignment of the Transferred Contracts by the Closing Date.

8.5 No Material Adverse Change. There shall not have occurred any event or casualty that has a material adverse effect on the Business, the value of the Assets to Buyer or Buyer's ability to operate the Business in substantially the same manner as presently operated by Seller.

8.6 Certified Resolutions. Seller shall have delivered to Buyer copies of resolutions adopted by Seller's Board of Directors, certified as of the Closing Date by the Secretary of Seller, approving the execution and delivery of this Agreement and the performance by Seller of its obligations under this Agreement.

8.7 Lien Releases. With the exception of Alberdale's security interest, Seller shall have provided Buyer with evidence of the release of the Assets from all financing statements, liens, and statements of assignment within four (4) business days from the Closing Date. Aberdale shall supply Buyer with a release and of any security interest in Seller's assets, said release shall be attached as Exhibit "\_\_\_\_"

8.8 Non-Solicitation. Neither Seller nor any majority shareholder or executive of Seller shall violate the terms of the Non-Competition Agreement of even date, a copy of which is attached hereto as Exhibit 8.8.

9. Conditions to Obligations of Seller. The obligations of Buyer under this Agreement are subject to the satisfaction on or prior to the Closing Date of the following conditions, unless Seller waives such conditions:

9.1 Representations and Warranties True on the Closing Date. Buyer's representations and warranties made in this Agreement shall be true in all material respects as of the Closing Date as though such representations and warranties were made as of the Effective Date, except for those representations and warranties made as of a particular date, which shall be true in all material respects as of such date.

9.2 Compliance with Agreement. Buyer shall have performed and complied in all material respects with all of its obligations under this Agreement that are to be performed or complied with by it prior to or on the Closing Date, and neither Buyer shall not otherwise be in default in any material respect under any of the provisions of this Agreement.

9.3 No Litigation. No litigation, proceeding, investigation or inquiry shall be pending or threatened which, if sustained, would enjoin or prevent the consummation of the transactions contemplated by this Agreement.

9.4 Certificate of Fulfillment of Conditions. Buyer shall have delivered to the other a certificate, dated as of the Closing Date and signed by its Chief Executive Officer stating that the conditions set forth in Section 9 have been fulfilled.

10. Closing.

10.1 Date and Time. Subject to Section 4.14 above, the transfer of assets and consummation of transactions contemplated by this Agreement (the "Closing") shall be effected no later than five (5) business days following receipt of all Regulatory Approvals (such date is referred to as the "Closing Date"), or at such other date, time and place upon which Buyer and Seller shall mutually agree, provided all conditions to the Closing described in Sections 8 and 9 have been met or such other time and date as the parties may agree in writing.

10.2 Procedures. If all of the conditions specified in Sections 8 and 9 have been fulfilled or are waived in writing by Buyer and Seller, as the case may be, on or by the Closing Date, then, on the Closing Date, Seller will execute and deliver to Buyer, against delivery of the Purchase Price and assumption by the Buyer of the Assumed Liabilities, the following:

(a) Bill of Sale; Master LOA. A General Assignment and Bill of Sale of the Assets and Master Letter of Agency in the form attached hereto as Exhibits 10.2(a)(i) and (ii), respectively.

(b) Assignment of Contracts and Leases; Other Instruments of Transfer. An Assignment of Contracts and Leases, together with separate assignments or other appropriate instruments of transfer (including titles and original registrations for all titled property) of any of the Assets and Assumed Liabilities not appropriately transferred by the General Assignment and Bill of Sale referred to in this Section 11.2.

(c) Documents. All certificates and documents referred to herein, and such other documents and instruments as Buyer may reasonably request to effectuate the intents and purposes of this Agreement, including but not limited to a legal opinion from Seller's counsel in the form attached hereto as Exhibit 10.2(c).

10.3 Possession. Possession of all of the Assets will be delivered to Buyer, and the assignment to Buyer of the Transferred Contracts, if any, will be effective, on the Closing Date.

11. Confidential Information.

(a) At all times following the Closing Date, Seller and Buyer agree to keep confidential and not to disclose to others information relating to the Business, including, but not limited to, information regarding (A) customers or potential customers; (B) pricing structure, costs, and profit margins; and (C) other proprietary, confidential or secret information relating to the business, products, activities or operating aspects (hereafter "Confidential Information"). Seller and Buyer shall use all reasonable care to protect, and prevent unauthorized disclosure of, any Confidential Information, unless such information is now or becomes generally known or available to the public without any violation of this Agreement or is required to be disclosed by applicable law or by court or governmental order. In addition, for a period of two years following the Closing Date, Seller and Buyer shall not, directly or indirectly, solicit or hire any person who is or was an employee of the other party, without the prior written consent of such other party.

(b) Seller and Buyer acknowledge that a material breach of any of their obligations under this Section 11 would result in irreparable injury to the other party for which damages would not be an adequate remedy. Therefore, Seller and Buyer consent to the issuance of injunctive relief in the event of a breach of its obligations under this Section 11, in addition to any other remedies to which Buyer may be entitled by law or equity.

(c) Any provision of the foregoing covenant that is prohibited or unenforceable, including without limitation, as to time, geographic area, or scope of activity, shall be void to the extent of that prohibition or unenforceability only and the remaining provisions, including the remainder of any provision found only partially invalid or unenforceable, shall continue to be in full force and effect and shall not be affected by such invalidity or unenforceability.

(d) Seller acknowledges that its covenants not-to-compete are a material inducement to Buyer to enter into this Agreement and consummate the transactions contemplated hereby.

12. Investigation. Notwithstanding any investigation or inquiry made by or on behalf of Buyer or Seller, each party shall be entitled to rely on the representations, warranties and covenants set forth herein or given on the Closing Date. The representations, warranties, and covenants that are contained in this Agreement or given on the Closing Date will survive any investigation and inquiry made by or on behalf of Buyer or Seller, as the case may be.

13. Indemnification.

13.1 By Seller and Seller's Shareholder. Seller and Seller's Shareholder agree to hold harmless, indemnify and defend Buyer and its legal representatives, successors and assigns from and against any loss, cost, liability, or expense (including without limitation, costs and expenses of litigation and, to the extent permitted by law, reasonable attorney's fees) incurred by Buyer by reason of (a) breach of any of the representations or warranties set forth in Article 4 hereof, (b) the breach of any of the covenants or agreements of Seller contained in this Agreement or in any other instrument, agreement or document executed or delivered by Seller in connection with this Agreement or given on or before the Closing Date; (c) the assertion against Buyer of any liability or obligation of Seller not expressly assumed by Buyer hereunder, including but not limited to product liability or warranty claims, any liabilities or obligations arising under federal, state or local environmental laws, and tax laws and any liabilities or obligations resulting from or relating to shareholders, employees or former employees or representatives of Seller; (d) a claim made or asserted against Buyer under any bulk transfer or bulk sales law, or other principle of successor or transferee liability, by any person having a claim against Seller, whether such claim is liquidated or unliquidated, contingent or disputed, or (e) the conduct of the Business prior to the Closing.

13.2 By Buyer. Buyer agrees to indemnify Seller and Seller's Shareholder against any loss, cost, liability, or expense (including without limitation, costs and expenses of litigation and, to the extent permitted by law, reasonable attorney's fees) incurred by Seller or Seller's Shareholder by reason of (a) breach of any of the representations or warranties set forth in Article 5 hereof, (b) the breach of any of the covenants or agreements of Buyer contained in this Agreement or in any other instrument, agreement or document executed or delivered by Seller in connection with this Agreement or given on or before the Closing Date (c) Buyer's breach, from and after the Closing Date, of any liability or obligation assumed by Buyer under any Transferred Contract or (d) the conduct of the Business after the Closing.

13.3 Assertion and Arbitration of Claims

(a) The parties shall be free to bring all differences of interpretation and disputes arising in connection with this Agreement to the attention of the other at any time without prejudicing their harmonious relationship and operations hereunder, and the good offices and facilities of either party shall be available at all times for the prompt and effective adjustment of any and all such differences, either by mail, telephone or personal meeting under friendly and courteous circumstances.

(b) If a party claims ("Claiming Party") that it is entitled to indemnification under this Article, notice of such claim (the "Claim") shall be given to the party from whom the Claiming Party seeks indemnification. The parties shall negotiate in good faith to determine the validity and the value of the Claim. If the parties cannot reach an agreement as to the value or validity of the Claim, then the Claim may be submitted by either party for arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, and the decision of such arbitrator shall be final and binding upon the parties. Unless

otherwise agreed by the parties, arbitration will take place in Atlanta, Georgia before a single arbitrator. Judgment on any award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The prevailing party in any action brought before an arbitrator or any court shall be entitled to recover all costs, including fees and expenses of counsel.

13.4 Limitations. The Indemnification obligations of Buyer and Seller are subject to each of the following limitations and qualifications:

(a) Each of the Representations and Warranties made by Seller and Buyer in this Agreement shall survive for a period of twelve (12) months after the Closing Date, except for representations and warranties relating to due authorization and title to the Assets which shall survive without limitation.. After the expiration of representations and warranties, no claim for indemnification based on such representations or warranties may be asserted, except that claims first asserted in writing with reasonable detail before the expiration date may be pursued until they are finally resolved.

(b) No claim for indemnification can be made until the amount of damages incurred by the party seeking indemnification, in the aggregate, for all claims asserted, exceeds \$10,000.

(c) The amount recoverable from Seller, on the one hand, or Buyer, on the other hand, for all indemnification claims asserted pursuant to this Section 13.4 (a) or Section 13.2(a), shall not exceed an amount equal to of the Purchase Price.

14. Termination. Anything herein or elsewhere to the contrary notwithstanding, this Agreement may be terminated at any time prior to the Closing Date:

(a) By Buyer, upon delivery of written notice to Seller, if any of the conditions set forth in Section 9 hereof have not been fulfilled by the date set for Closing in Section 10.1 or have become incapable of fulfillment on or before such date.

(b) By Seller, upon delivery of written notice to Buyer, if any of the conditions set forth in Section 9 hereof have not been fulfilled by the date set for Closing in Section 10.1 or have become incapable of fulfillment on or before such date.

(c) By Buyer and Seller upon mutual consent.

(e) In the event of any such termination, this Agreement will become void and of no further force and effect and no party hereto will have any liability to any other party hereunder financial or otherwise, except with respect to liabilities and obligations that expressly survive the termination of this Agreement.



15. Expenses. Whether or not the transactions contemplated hereby are consummated, each of the parties hereto will pay, except as otherwise provided herein, its respective expenses, income and other taxes, and costs (including without limitation, the fees, disbursements, and expenses of its attorneys, accountants, and consultants) incurred by it in negotiating, preparing, closing, and carrying out this Agreement and the transactions contemplated by this Agreement.

16. Notices. Notices hereunder will be effective when they are sent by facsimile or by email, with confirmation of receipt; one day after they are deposited with an overnight courier; and three business days after they are deposited in the official mails, postage prepaid, and, in each case, addressed:

**TELRITE CORPORATION**

Attn: Michael Geoffroy  
P.O.Box 2207  
Covington, Georgia 30015  
Facsimile: 678.202.1292  
Email: [Michael.geoffroy@telrite.com](mailto:Michael.geoffroy@telrite.com)

With a copy to: William D. Friend, Esq.  
Friend, Hudak & Harris LLP  
3 Ravinia Drive  
Suite 1450  
Atlanta, Georgia 30346

(b) In the case of Seller to:

**APPLEWOOD COMMUNICATIONS CORPORATION**

Attn: Courtlandt G. Miller, Esq.  
152 Madison Avenue, 22<sup>nd</sup> Fl.  
New York, New York 10016  
Fax: (212) 208-4564  
Email: [miller@lcr360.com](mailto:miller@lcr360.com)

Aberdale:

**Alberdale LLC**

Attn: Courtlandt G. Miller, Esq.  
152 Madison Avenue, 22<sup>nd</sup> Fl.  
New York, New York 10016  
Fax: (212) 661-5353  
Email: [miller@lcr360.com](mailto:miller@lcr360.com)

All notices delivered hereunder shall be marked "PERSONAL AND CONFIDENTIAL." Any

party may change the address to which notices are to be addressed by giving the other parties notice in the manner herein set forth.

17. Public Announcements and Releases. No party to this Agreement will make or cause to be made any public announcement or release concerning this Agreement or the transactions contemplated hereby unless required by Law or regulations, without the prior written consent of the other party.

18. Governing Law. The validity, interpretation, and performance of this Agreement will be determined in accordance with the laws of the State of Georgia.

19. Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together shall constitute but one and the same instrument.

20. Headings. The headings, subheadings, and captions in this Agreement and in any exhibit hereto are for reference purposes only and are not intended to affect the meaning or interpretation of this Agreement.

21. Exhibits and Schedules. The exhibits and schedules attached hereto and the other documents delivered pursuant hereto are hereby made a part of this Agreement as if set forth in full herein.

22. Entire Agreement. This Agreement contains the entire agreement between the parties hereto with respect to its subject matter and supersedes all negotiations, prior discussions, agreements, arrangements, and understandings, written or oral, relating to the subject matter of this Agreement.

23. Successors and Assigns. This Agreement will be binding upon Seller and Buyer and their respective successors and assigns. Notwithstanding the immediately preceding sentence, Seller may assign its rights and delegate its duties under this Agreement only upon the prior written consent of Buyer. Buyer may assign its rights and delegate its duties under this Agreement to any of its subsidiaries or affiliated companies.

24. Arbitration. Any dispute arising under this Agreement or related obligations between the Parties shall have the exclusive remedy of binding arbitration according to the rules of the American Arbitration Association. Such arbitration shall occur in Atlanta, Georgia and shall be conducted using a single arbitrator.

25. Severability. If any provision of this Agreement is held to be unenforceable, invalid, or void to any extent for any reason, that provision shall remain in force and effect to the maximum extent allowable, if any, and the enforceability and validity of the remaining provisions of this Agreement shall not be affected thereby.

26. Aberdale and Seller Interchangeable. Aberdale is the owner and parent company of Seller. Everything promised by or agreed to for the benefit of Buyer or any third

party by Seller in this Agreement and any amendments thereto is also promised by and agreed to by Aberdale for the benefit of Buyer or any third party.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be duly executed and delivered as of the day and year first above written.

SELLER:

**APPLEWOOD COMMUNICATIONS CORPORATION**



By: \_\_\_\_\_  
Name: Courtlandt G. Miller  
Title: Chief Executive Officer

SELLER'S SHAREHOLDER

**ALBERDALE, LLC**



By: \_\_\_\_\_  
Name: Courtlandt G. Miller  
Title: Managing Director

BUYER:

**TELRITE CORPORATION**

By: \_\_\_\_\_  
Name:  
Title:

## EXHIBIT "B"

### SAMPLE CUSTOMER NOTICE

## Customer Notice/Bill Insert

Dear Customer:

Applewood Communications Corporation ("Applewood") has signed a definitive agreement to be acquired by Telrite Corporation ("Telrite"). This transaction requires certain regulatory approvals in order to be complete. The companies expect the transaction to be completed by October 1, 2012.

The change in the ownership of Applewood will not affect or disrupt your current service in any way. You can expect the same outstanding level of service and customer care as well as additional resources that will be leveraged to ensure that you receive the highest levels of customer support. In addition your rates and the terms and conditions of your existing service will remain the same.

You will not incur any carrier-change charges from your local telephone company as a result of this transaction. If Applewood is your long distance provider and such a charge appears on the bill from your local telephone company, please call the customer service department toll-free at **(866) 890-4135** and a representative will reimburse you or credit your account accordingly. Telrite Corporation will be responsible for any outstanding Applewood inquiries or complaints following the date the transfer becomes effective.

You have a choice of telecommunications service providers and have the right to choose another provider for your services. If you decide to switch to a different provider and you have **not** informed Applewood by the date of the transfer, your service will continue with and will be serviced by Telrite.

Telrite welcomes you and appreciates the opportunity to be your telecom provider. The combined Telrite and Applewood teams look forward to continuing to provide your business with world-class customer service and the most reliable, cutting-edge business-grade telecommunication services available today.

Telrite is a premier provider of long distance and local exchange services for residential and business clients across the US. To learn more about Telrite please visit [www.telrite.com](http://www.telrite.com)

If you have any questions, please contact a Telrite customer service representative at 866-890-4135.

Sincerely,

**Courtland G. Miller**

Chief Executive Officer  
Applewood Communications Corporation

**Reggie McFarland**

Chief Executive Officer  
Telrite Corporation

EXHIBIT "C"

FINANCIALS

(PUBLIC COPY)

Telrite Corporation Inc  
**Profit & Loss**  
January through March 2012

[TRADE SECRET INFORMATION]  
[NOT FOR PUBLIC DISCLOSURE]

	Jan 12	Feb 12	Mar 12	TOTAL
Ordinary Income/Expense				
Income				
3000				
3002				
Total Income				
Cost of Goods Sold				
4001 Usage				
Total COGS				
Gross Profit				
Expense				
4101 Bank Service Charges				
4102 Commissions Expense				
4103 Contributions				
4104 Depreciation & Amortization				
4105 Insurance				
4106 Interest Expense				
4107 Licenses and Permits				
4108 Miscellaneous				
4109 Office Expense				
4110 Office Supplies				
4111 Personnel Expenses				
4112 Postage and Delivery				
4113 Printing and Reproduction				
4114 Professional Fees				
4115 Rent				
4116 Repairs				
4117 Taxes				
4118 Travel				
4119 Utilities				
4120 Recruiting				
4121 Regulatory Fees				
4123 Billing Expense				
4124 Collection/Factoring				
Total Expense				
Net Ordinary Income				
Other Income/Expense				
Other Income				
Total Other Income				
Net Other Income				
Net Income				

Telrite Corporation Inc

Profit & Loss

April through June 2012

[TRADE SECRET INFORMATION]

[NOT FOR PUBLIC DISCLOSURE]

	Apr 12	May 12	Jun 12	TOTAL
Ordinary Income/Expense				
Income				
3000				
3002				
Total Income				
Cost of Goods Sold				
4001 Usage				
Total COGS				
Gross Profit				
Expense				
4100 Advertising				
4101 Bank Service Charges				
4102 Commissions Expense				
4103 Contributions				
4104 Depreciation & Amortizatio				
4105 Insurance				
4106 Interest Expense				
4108 Miscellaneous				
4109 Office Expense				
4110 Office Supplies				
4111 Personnel Expenses				
4112 Postage and Delivery				
4114 Professional Fees				
4115 Rent				
4116 Repairs				
4117 Taxes				
4118 Travel				
4119 Utilities				
4120 Recruiting				
4121 Regulatory Fees				
4123 Billing Expense				
4124 Collection/Factoring				
Total Expense				
Net Ordinary Income				
Other Income/Expense				
Other Income				
Total Other Income				
Net Other Income				
Net Income				



[TRADE SECRET INFORMATION]

[NOT FOR PUBLIC DISCLOSURE]

**Telrite Corporation Inc**  
**Profit & Loss**  
January through December 2011

Jan - Dec 11

Ordinary Income/Expense

Income

3000

300

Total Income

Cost of Goods Sold

4001

4002

Total COGS

Gross Profit

Expense

4101 Bank Service Charges

4102 Commissions Expense

4103 Contributions

4104 Depreciation & Amortization

4105 Insurance

4106 Interest Expense

4108 Miscellaneous

4109 Office Expense

4110 Office Supplies

4111 Personnel Expenses

4112 Postage and Delivery

4114 Professional Fees

4115 Rent

4116 Repairs

4117 Taxes

4118 Travel

4119 Utilities

4122 Recruiting

4123 Regulatory Fees

4124 Billing Expense

4128 Collection/Factoring

Total Expense

Net Ordinary Income

Other Income/Expense

Other Income

Interest Income

Total Other Income

Net Other Income

Net Income

[TRADE SECRET INFORMATION]

Telrite Corporation Inc  
Balance Sheet  
As of December 31, 2011

[NOT FOR PUBLIC DISCLOSURE]

	<u>Dec 31, 11</u>
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
Operating Accounts	
Total Checking/Savings	
Accounts Receivable	
Accounts Receivable	
Total Accounts Receivable	
Other Current Assets	
Total Other Current Assets	
Total Current Assets	
Fixed Assets	
Accumulated Depreciation	
Property and Equipment	
Total Fixed Assets	
Other Assets	
Accumulated Amortization	
Intangible Assets	
Total Other Assets	
<b>TOTAL ASSETS</b>	
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	
Total Accounts Payable	
Other Current Liabilities	
Payroll Liabilities	
Total Other Current Liabilities	
Total Current Liabilities	
Long Term Liabilities	
Total Long Term Liabilities	
Total Liabilities	
Equity	
Capital Stock	
Retained Earnings	
Net Income	
Total Equity	
<b>TOTAL LIABILITIES &amp; EQUITY</b>	

## EXHIBIT "D"

### MANAGERIAL PROFILES

# R.P. McFarland

- CEO of Telrite Corporation
- Over 10 years experience with AT&T in various management positions
- Founded Interlink Communications; merged company with ILD Corporation in 1997
- Served as Senior Vice President, Network Operations with ILD until 1999
- Founded IntraLec Telecommunications in 1999; merged with LecStar Corporation in 2000
- Served as Vice President and President of Network Operations of LecStar until 2001
- Formed Stratacom Telecommunications in 2001; merged with Telrite Corporation in 2005

# Resume

## Darryl E. Davis

### Education

1994	MCI – switched & dedicated training C&W- switched & dedicated training
1987-1988	Kaolin School of Aviation Commercial Pilot- Airplane single and multi-engine instrument Flight Instructor – Airplane single engine land Airline Transport Pilot
1977-1979	South Georgia Vocation and Trade School Degree in Electronics
1976-1977	Louisville High School
1973-1976	Brentwood High School

### Career Experience

2006-present	PureTalk – wireless company sales
2006-present	Telrite Wireless- wireless company sales
1994 to present	Telrite Corp.: Customer Service, Agent Support, Technical Support, Acquisition of other telecom companies, Wholesale Sales, Product Development
1988-1994	Jet Food Stores of Ga; Regional Director of Operations and Corporate Pilot
1987-1988	Washington County Air Services; Pilot, Flight Instructor, mechanic
1986-1987	Swainsboro Financial Services, Inc; Manager, Vice President
1985-1986	Anglo American Clay; Lab Technician
1980-1985	Jefferson County Finance Co; Manager
1980-1985	Jefferson County Motor Co.: Sales Manager
1977-1981	Barker and Associates; Landy Survey, Laborer 30 years, Forman 1 year

# Brian Lisle

---

- Work experience** 05/2005 - Present Telrite Corporation, Inc. Marietta, Georgia  
**VP Operations**
- Oversight of the IT Department, LD Sales, Customer Service and Provisioning and Network Operations.
  - Maintain Networks and Switch matrix
  - P&L
- Work experience** 08/1998 – 05/2005 ILD Telecommunications, Inc. Atlanta, Georgia  
**Director Network Operations**  
7/2000 – 05/2005
- Oversight of Network operations & NOC personnel
  - Maintain Switch matrix and networking
  - Systems
  - P&L
- Network Operations Manager**  
08/1998 – 7/2000
- Maintain Switch matrix and systems
- Work experience** 08/1995 – 08/1998 Interlink, Inc. Marietta, Georgia  
**Operations Manager**
- General Management
  - Customer Service
  - Network Engineering
  - Switch matrix/SME
- Work experience** 06/1990 – 08/1995 EDS Operator Services Atlanta, Georgia  
**Account Manager**  
03/1994 – 08/1995
- Interface with clients to ensure smooth and continued relationships
- Business Analyst**  
01/1993 – 03/1994
- Assisted three account managers
  - Back Office reporting
  - Systems SME
- Customer Service Supervisor**  
03/1991 – 01/1993
- Manage CSR group

**Customer Service Agent**

06/1990 – 03/1991

- Inbound traffic, all LD call completions

Work Experience prior to the above was related to sales, as a sales representative for BellSouth Advertising and Publishing (BAPCO), Cable & Wireless Communications, Advanced Directory Company and Creative Management.

**Education**

1981 - 1986

The University of Florida

Gainesville, Florida

**BSBA in Marketing**