

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**  
**Nashville, Tennessee**  
**March 28, 2002**

**IN RE:** )  
 )  
**Capsule Communications, Inc.** )  
**For Revocation of Authority to Conduct Business** ) **Docket No. 95-03355**  
**as a Public Utility in the State of Tennessee** ) **Company ID:116549**

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**ORDER REVOKING AUTHORITY TO CONDUCT  
BUSINESS AS A PUBLIC UTILITY IN THE STATE OF TENNESSEE  
FOR FAILURE TO PROVIDE SURETY BOND OR IRREVOCABLE LETTER OF  
CREDIT**

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This matter came before the Tennessee Regulatory Authority (hereafter the "Authority" or "TRA") to consider the revocation of the authority of Capsule Communications, Inc. (hereafter the "Company") to conduct business in the state of Tennessee as a public utility for failure to comply with Tenn. Code Ann. § 65-4-125. This matter was considered by the Authority at a regularly scheduled Authority Conference held on March 26, 2002.

Tenn. Code Ann. § 65-4-125(j) provides:

(j) By September 1, 2000, all telecommunications service providers subject to the control and jurisdiction of the authority, except those owners or operators of public telephone service who pay annual inspection and supervision fees pursuant to § 65-4-301(b), or any telecommunications service provider that owns and operates equipment facilities in Tennessee with a value of more than five million dollars (\$5,000,000), shall file with the authority a corporate surety bond or irrevocable letter of credit in the amount of twenty thousand dollars (\$20,000) to secure the payment of any monetary sanction imposed in any enforcement proceeding, brought under this title or the Consumer Telemarketing Protection Act of 1990, compiled in title 47, chapter 18, part 15, by or on behalf of the authority.

The Company has failed to comply with Tenn. Code Ann. § 65-4-125(j) that requires all telecommunications service providers that own and operate equipment facilities in Tennessee with a value of less than five million dollars (\$5,000,000) to file with the Authority a \$20,000 corporate surety bond or irrevocable letter of credit to secure the payment of any monetary sanction imposed in any enforcement proceeding. Notices advising each company of this requirement were mailed on August 15, 2000 via first class mail. On July 17, 2001, via certified

mail, Notice of Non-compliance was mailed to all companies that were out of compliance. The Company did not respond to these notices.

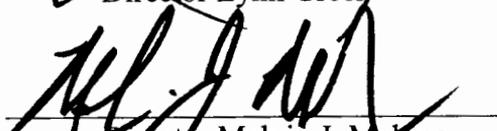
On February 11, 2002, a Notice of Cancellation (hereafter the "Notice") was sent, certified, return receipt requested, to the Company. The Notice advised the Company that if the Authority did not receive a response from the Company by March 13, 2002, regarding its failure to file with the Authority the required \$20,000 corporate surety bond or irrevocable letter of credit; its authority to transact business in the state of Tennessee as a public utility would be subject to cancellation at a regularly scheduled Authority Conference thereafter. The Company did not respond to this Notice.

**IT IS THEREFORE ORDERED THAT:**

- 1) The authority of Capsule Communications, Inc., granted in Docket No. 95-03355, to conduct business in the state of Tennessee as a public utility is hereby revoked,
- 2) Any party aggrieved by the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within fifteen (15) days from the date of this Order; and
- 3) Any party aggrieved with the Authority's decision in this matter has the right of judicial review by filing a Petition for Review in the Tennessee Court of Appeals, Middle Section, within sixty (60) days from and after the date of this Order.

  
Chairman Sara Kyle

  
Director Lynn Greer

  
Director Melvin J. Malone

ATTEST:

  
K. David Waddell, Executive Secretary

**Secretary of State**  
**Corporations Section**  
**James K. Polk Building, Suite 1800**  
**Nashville, Tennessee 37243-0306**

DATE: 11/05/99  
RECEIPT NUMBER: 3762-2161  
TELEPHONE CONTACT: (615) 741-2286  
FILE DATE/TIME: 11/05/99 0956  
EFFECTIVE DATE/TIME: 11/05/99 0956  
CONTROL NUMBER: 0379532

TO:  
CSC USC  
80 STATE ST  
ALBANY, NY 12207-2543

RE:  
CAPSULE COMMUNICATIONS, INC.  
APPLICATION FOR CERTIFICATE OF AUTHORITY -  
FOR PROFIT

WELCOME TO THE STATE OF TENNESSEE. THE ATTACHED CERTIFICATE OF AUTHORITY HAS BEEN FILED WITH AN EFFECTIVE DATE AS INDICATED ABOVE.

A CORPORATION ANNUAL REPORT MUST BE FILED WITH THE SECRETARY OF STATE ON OR BEFORE THE FIRST DATE OF THE FOURTH MONTH FOLLOWING THE CLOSE OF THE CORPORATION'S FISCAL YEAR. PLEASE PROVIDE THIS OFFICE WITH WRITTEN NOTIFICATION OF THE CORPORATION'S FISCAL YEAR. THIS OFFICE WILL MAIL THE REPORT DURING THE LAST MONTH OF SAID FISCAL YEAR TO THE CORPORATION AT THE ADDRESS OF ITS PRINCIPAL OFFICE OR TO A MAILING ADDRESS PROVIDED TO THIS OFFICE IN WRITING. FAILURE TO FILE THIS REPORT OR TO MAINTAIN A REGISTERED AGENT AND OFFICE WILL SUBJECT THE CORPORATION TO ADMINISTRATIVE REVOCATION OF ITS CERTIFICATE OF AUTHORITY.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR FILING, PLEASE REFER TO THE CORPORATION CONTROL NUMBER GIVEN ABOVE.

FOR: APPLICATION FOR CERTIFICATE OF AUTHORITY -  
FOR PROFIT

ON DATE: 11/05/99

FROM:  
CSC/USC (80 STATE ST)  
80 STATE STREET

	FEES	
RECEIVED:	\$600.00	\$0.00
TOTAL PAYMENT RECEIVED:		\$600.00

ALBANY, NY 12207-2543

RECEIPT NUMBER: 00002569109  
ACCOUNT NUMBER: 00269941



*Riley C. Darnell*

RILEY C. DARNELL  
SECRETARY OF STATE

**Secretary of State**  
**Corporations Section**  
**James K. Polk Building, Suite 1800**  
**Nashville, Tennessee 37243-0306**

DATE: 11/05/99  
 RECEIPT NUMBER: 00265741  
 TELEPHONE CONTACT: (615) 741-2200  
 FILE DATE/TIME: 11/05/99 09:58  
 EXECUTIVE DATE/TIME: 11/05/99 09:58  
 CONTROL NUMBER: 00265741

TO:  
 CSC USC  
 50 STATE ST

ALBANY, NY 12207-2544

RE:  
 CASUAL COMMUNICATIONS, INC.  
 APPLICATION FOR CERTIFICATE OF AUTHORITY  
 FOR PROFIT

WELCOME TO THE STATE OF TENNESSEE. THE ATTACHED CERTIFICATE OF AUTHORITY HAS BEEN FILED WITH AN EFFECTIVE DATE AS INDICATED ABOVE.

A CORPORATION ANNUAL REPORT MUST BE FILED WITH THE SECRETARY OF STATE ON OR BEFORE THE FIRST DATE OF THE FOURTH MONTH FOLLOWING THE CLOSE OF THE CORPORATION'S FISCAL YEAR. PLEASE PROVIDE THIS OFFICE WITH WRITTEN NOTIFICATION OF THE CORPORATION'S FISCAL YEAR. THIS OFFICE WILL MAIL THE REPORT DURING THE LAST MONTH OF SAID FISCAL YEAR TO THE CORPORATION AT THE ADDRESS OF THE PRINCIPAL OFFICE OR TO A MAILING ADDRESS PROVIDED TO THIS OFFICE IN WRITING. FAILURE TO FILE THIS REPORT OR TO MAINTAIN A REGISTERED AGENT AND OFFICE WILL SUBJECT THE CORPORATION TO ADMINISTRATIVE REVOCATION OF THE CERTIFICATE OF AUTHORITY.

WHEN CONSIDERING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR FILING, PLEASE REFER TO THE CORPORATION CONTROL NUMBER GIVEN ABOVE.

THIS APPLICATION FOR CERTIFICATE OF AUTHORITY FOR PROFIT

ON DATE 11/05/99

FROM:  
 CASUAL COMMUNICATIONS, INC.  
 50 STATE STREET

RECEIVED:	PRICE:	\$0.00	\$0.00
	INITIAL PAYMENT RECEIVED:	\$600.00	

ALBANY, NY 12207-2544

RECEIPT NUMBER: 00265741  
 RECEIPT NUMBER: 00265741



*Riley C. Darnell*

**RILEY C. DARNELL**  
**SECRETARY OF STATE**



Department of State  
Corporations Section  
18th Floor, James K. Polk Building  
Nashville, TN 37243-0306

For Office Use Only

APPLICATION FOR  
CERTIFICATE OF AUTHORITY  
(FOR PROFIT)

RECEIVED  
OCT 25 11 05 AM '99  
SECRETARY OF STATE

To the Secretary of State of the State of Tennessee:

Pursuant to the provisions of Section 48-25-103 of the Tennessee Business Corporation Act, the undersigned corporation hereby applies for a certificate of authority to transact business in the State of Tennessee, and for that purpose sets forth:

1. The name of the corporation is Capsule Communications, Inc.

\*If different, the name under which the certificate of authority is to be obtained is \_\_\_\_\_

[NOTES: The Secretary of State of the State of Tennessee may not issue a certificate of authority to a foreign corporation for profit if its name does not comply with the requirements of Section 48-14-101 of the Tennessee Business Corporation Act. \*If obtaining a certificate of authority under a different corporate name, an application for registration of an assumed corporate name must be filed pursuant to Section 48-14-101(d) with an additional \$20.00 fee.]

2. The state or country under whose law it is incorporated is Delaware

3. The date of its incorporation is October 21, 1999 (must be month, day, and year), and the period of duration, if other than perpetual, is \_\_\_\_\_

4. The complete street address (including zip code) of its principal office is  
Suite 275, 3331 Street Road, Bensalem, PA 19020

Street City State/Country Zip Code

5. The complete street address (including the county and the zip code) of its registered office in Tennessee and the name of its registered agent is

500 Tallan Building, Two Union Square Chattanooga, TN Hamilton 37402-2571

Street City/State County Zip Code

Corporation Service Company  
Registered Agent

6. The names and complete business addresses (including zip code) of its current officers are: (Attach separate sheet if necessary.)

See attached officers/directors rider

7. The names and complete business addresses (including zip code) of its current board of directors are: (Attach separate sheet if necessary.)

See attached officers/directors rider

8. If the corporation commenced doing business in Tennessee prior to the approval of this application, the date of commencement (month, day and year) \_\_\_\_\_

9. The corporation is a corporation for profit.

10. If the document is not to be effective upon filing by the Secretary of State, the delayed effective date/time is

\_\_\_\_\_ (date), \_\_\_\_\_ (time).

[NOTE: A delayed effective date shall not be later than the 90th day after the date this document is filed by the Secretary of State.]

[NOTE: This application must be accompanied by a certificate of existence (or a document of similar import) duly authenticated by the Secretary of State or other official having custody of corporate records in the state or country under whose law it is incorporated. The certificate shall not bear a date of more than two (2) months prior to the date the application is filed in this state.]

October 28, 1999  
Signature Date  
  
President  
Signer's Capacity

Capsule Communications, Inc.  
Name of Corporation  
  
Signature  
David Hurwitz  
Name (typed or printed)

State of Delaware

Office of the Secretary of State

RECEIVED  
NOV 5 1999

SS NOV 5 11 58 AM '99

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THAT "CAPPELL COMMUNICATIONS, INC." WAS INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE AS FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE THIRD DAY OF NOVEMBER, A.D. 1999.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "CAPPELL COMMUNICATIONS, INC." WAS INCORPORATED ON THE TWENTY-FIRST DAY OF OCTOBER, A.D. 1999.

AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE NOT BEEN ASSESSED TO DATE.



*Edward J. Freel*

Edward J. Freel, Secretary of State

AUTHENTICATION:

DATE:

NOV 5 1999

NOV 5 1999

Company ID: 116549  
Capsule Communications, Inc.  
2 Greenwood Square, Suite 275  
3331 Street Road  
Bansalem, PA 19020

BEFORE THE TENNESSEE REGULATORY AUTHORITY  
Nashville, TN February 29, 2000

IN RE: CASE NUMBER: 00-00116  
US WATS, Inc. to change its name to Capsule Communications, Inc.

---ORDER---

This matter is before the Tennessee Regulatory Authority upon the petition of US WATS, Inc. to change its company name. The TRA considered this request at their regularly scheduled Conference held on March 14, 2000 and concluded that the applicant has met all the TRA requirements for changing its name.

Pursuant to § T.C.A. 65-4-113,

IT IS THEREFORE ORDERED:

1. That the petition of US WATS, Inc. to change its name to Capsule Communications is approved.
2. That Capsule Communications holds a Certificate of Public Convenience and Necessity to provide resold telecommunications services in Tennessee as specified in its application on file with the Authority.
3. That said company shall comply with all applicable TRA rules and regulations.
4. That this order shall be retained as proof of certification with this Authority, and may be used to obtain appropriately tariffed service and billing arrangements from Authority authorized telecommunications service providers.

  
\_\_\_\_\_  
Chairman

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

ATTEST:

  
\_\_\_\_\_  
Executive Secretary

TENNESSEE PUBLIC SERVICE COMMISSION  
460 JAMES ROBERTSON PARKWAY  
NASHVILLE, TENNESSEE 37243-0505

KEITH BISSELL, CHAIRMAN  
STEVE HEWLETT, COMMISSIONER  
SARA KYLE, COMMISSIONER



PAUL ALLEN, EXECUTIVE DIRECTOR

Company ID: 00116549  
US WATS, Inc.  
111 Presidential Blvd.  
Suite 114  
Bala Cynwyd, PA 19004

BEFORE THE TENNESSEE PUBLIC SERVICE COMMISSION  
Nashville, Tennessee October 13, 1995

IN RE: CASE NUMBER: 95-03355

Application for Authority for Operator Services and/or Resell Interexchange (Long Distance) Telecommunications Service and/or Telecommunications Operator Services in Tennessee Pursuant to Rule 1220-4-2-.57.

---ORDER---

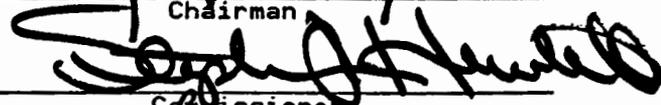
This matter is before the Tennessee Public Service Commission upon the application of the above-mentioned company for certification as a long distance/interexchange reseller or telecommunication operator service provider in Tennessee. The Commission considered this application at its regularly scheduled Commission Conference held on October 11, 1995 and concluded that the applicant has met all the requirements for certification and should be authorized to provide the resell of interexchange telecommunications service and/or an operator service on an intrastate basis.

IT IS THEREFORE ORDERED:

1. That the above-mentioned company is issued a Certificate of Convenience and Necessity as an interexchange telecommunications reseller and/or an operator service provider for state-wide service in Tennessee as specified in its application on file with the Commission.
2. That said company shall comply with all applicable Commission rules and regulations.
3. That this order shall be retained as proof of certification with this Commission, and may be used to obtain appropriately tariffed access service and billing arrangements from Commission authorized telecommunications service providers.
4. That any party aggrieved with the Commission's decision in this matter may file a Petition for Reconsideration with the Commission within ten (10) days from and after the date of this Order.
5. That any Party aggrieved with the Commission's decision in this matter has the right of judicial review by filing a petition with the Tennessee Court of Appeals, Middle Section within sixty (60) days from and after the date of this Order.

  
Executive Director

  
Chairman

  
Commissioner

  
Commissioner

1  
**TENNESSEE PUBLIC SERVICE COMMISSION**  
460 JAMES ROBERTSON PARKWAY  
NASHVILLE, TENNESSEE 37243-0505

**KEITH BISSELL, CHAIRMAN**  
**STEVE HEWLETT, COMMISSIONER**  
**SARA KYLE, COMMISSIONER**

**APPLICATION FOR CERTIFICATE  
TO PROVIDE OPERATOR SERVICES AND/OR  
RESELL INTEREXCHANGE  
TELECOMMUNICATION SERVICES IN TENNESSEE  
[RULE 1220-4-2-.57]**

SECTION A

**Part I: General Information**

A. Name of Applicant: US WATS, Inc.  
Address: 111 Presidential Blvd.  
Suite 114  
Bala Cynwyd  
State: Pennsylvania Zip Code: 19004 Phone: (610) 660-0100 / Fax: (610) 660-0335

B. Owner, Partners, or Corporate Officers

US WATS, Inc. is a publically traded corporation. The following individuals service as officers of the Company.

NAME	ADDRESS	CITY	ST	ZIP CODE
Stephen Parker Chairman	111 Presidential Blvd. Suite 114	Bala Cynwyd	PA	19004
Mark Scully President and COO	111 Presidential Blvd. Suite 114	Bala Cynwyd	PA	19004
Aarron R. Brown Vice Chairman and CEO	111 Presidential Blvd. Suite 114	Bala Cynwyd	PA	19004
Ward Schultz Chief Financial Officer	111 Presidential Blvd. Suite 114	Bala Cynwyd	PA	19004

C. Name and telephone number of Tennessee contact person authorized to respond to Commission inquiries Monday through Friday.

Mr. Mark Scully, President  
Telephone: (610) 660-0100

95 3355

(To be filled out by PSC)  
Company ID Number 116549  
Date Approved \_\_\_\_\_  
Evaluator \_\_\_\_\_

Mail the completed application and a check for \$50.00 to: Tennessee Public Service Commission, P.O. Box 3412, Nashville, TN 37219-0412. Should you have any questions, call (615) 741-3939.

- D. List a toll-free telephone number that consumers can call to report service problems and/or request refunds or adjustments.

1 - 800 - 872 - 3369

- E. Check the type of telecommunication services you plan to provide in Tennessee.

Resell Interexchange Long Distance Services  
 Operator Services  
 Other (describe below)

- F. If providing operator services, list company name, address and contact person for all reseller carriers you serve in Tennessee. Provide the above information on Appendix I.

Not Applicable. US WATS, Inc. does not provide operator assisted services.

- G. List the state(s) you are authorized to operate in at this time.

US WATS has met entry or certification requirements in thirty-two (32) states. The following is a list of states where US WATS is authorized to provide telecommunications services:

Alabama	Mississippi
Arkansas	Missouri
California	Nebraska
Delaware	New Hampshire
Florida	New Jersey **
Georgia	New York
Idaho	North Carolina
Illinois	North Dakota
Indiana	Oregon
Iowa *	Pennsylvania
Kansas	South Carolina
Kentucky	South Dakota
Louisiana	Texas
Maryland	Washington
Massachusetts	West Virginia
Minnesota	Wisconsin

\* Certification not required by the State of Iowa. Tariff approval required only for provision of intraLATA services.

\*\* Only registration with New Jersey Bell as a reseller required. No certification required with the NJ PUC.

The company has an application pending before the New Mexico Public Service Commission.

- H. List any states that you have been denied authority to provide service.

None.

I. Areas in Tennessee to be served.

The entire state.

J. What type of customers will the company serve?

- a. Business
- b. Residential
- c. Aggregators  (e.g. Hotels, Payphones)
- d. Other (specify) \_\_\_\_\_

K. Do you allow a property imposed fee (PIF) to be added to the price of intrastate telephone calls over your network? If yes, specify amount.

Not Applicable. US WATS, Inc. does not provide operator assisted services.

L. Are your prices for intrastate services plus any PIF equal to or less than the dominant carriers price for similar services?

Yes\_\_\_ No\_\_\_

Not Applicable. US WATS, Inc. does not provide operator assisted services.

M. Describe the type of services and price that the applicant will be offering in Tennessee on the Informational Tariff Form found in Appendix II<sup>1</sup>.

N. What is the applicant's 10XXX or 800 access code?

US WATS, Inc.'s access code is 10200. However, US WATS will not offer service on a 10XXX basis within Tennessee.

O. Does the applicant now have or plan to have any telecommunications facilities (e.g. switches, fiber lines) in Tennessee?

No. US WATS, Inc. does not have any telecommunications facilities within Tennessee nor does the company have any plans to install such facilities.

P. What facility-based network will the applicant be reselling?

US WATS, Inc. will resell the services of Allnet or Witel within the state of Tennessee.

Q. Will the applicant be utilizing the local telephone company's billing system or billing customers direct<sup>2</sup>?

No. Customers receive bills on a monthly basis directly from US WATS, Inc. A sample copy of the company's bill is provided as Appendix V to this application.

- R. Describe briefly how the applicant plans to market their services in Tennessee. If an independent telemarketer is going to be used, state company name and address.

US WATS, Inc. markets its services through direct salaries employees or through independent agents. The company does not market its services through the use of independent telemarketing organizations.

- S. Describe the procedures the applicant will use to switch a consumer's preferred interexchange service.

US WATS, Inc. obtains signed letters of agency ("LOAs") from all customer's presubscribed to its direct dial services. Letters of agency provide US WATS, Inc. with written authorization from each customer for whom a Primary Interexchange Carrier change order will be issued. Such written authorization is obtained as part of the company's application for service and confirms the customer's decision to change their PIC to US WATS, Inc. In addition, the company sends a welcome package to each customer providing information about the company's services.

- T. Applicant has the ability and agrees to honor the form of call blocking that the consumer has subscribed to with their local telephone company.

Yes  No

- U. Applicant gives permission to the local telephone company to provide the Commission a periodic sample of the reseller's intrastate toll calls. The purpose of this analysis is to audit the reseller's rates to assure they are at or below the dominant carrier's tariffed rates.

Yes  No

## **Part II: Organization Structure**

- A. Type of Organization

Individual                       Corporation  
 Partnership                       Other (Explain on separate sheet)

- B. If partnership and/or non-resident:

- (1) Attach a copy of Articles of Incorporation and current by-laws.
- (2) Attach a copy of Certification of Authority issued by Tennessee Secretary of State showing corporation's authority to engage in business in Tennessee.

See Appendix III.

**Part III: Financial Information**

- A. Attach a current financial statement showing in detail the applicant's financial condition, including balance sheet and income statement, or a copy of IRS form 1120 or 1065 filed by your business for the previous year. Attach, if available, a copy of your company's 10K and/or stockholder reports.

A copy of US WATS, Inc.'s form 10-Q for the quarter ending June 30, 1995 is provided as Appendix IV to this application.

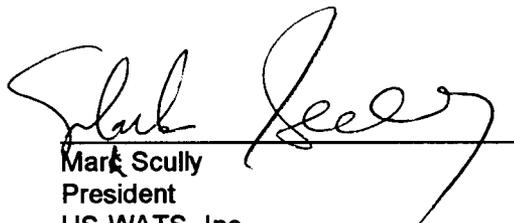
**Part IV: Display Card**

- A. Attach a copy of the display card to be placed on the aggregators telephone which shows what operator services are to be provided. The card must contain all required information listed in the attached Rule (1220-4-2-.57,B)<sup>3</sup>, which includes a toll-free number consumers can call for service problems and refunds.

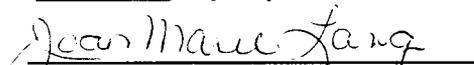
Not applicable. US WATS, Inc. does not provide operator assisted calling.

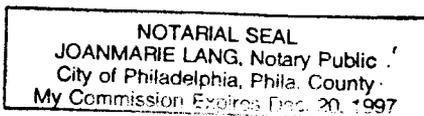
**Part V: Rule Compliance Agreement**

- A. The Interexchange Reseller or Operator Service Provider applicant, hereby, affirms the following:
  - Has received, read, and understand the Tennessee Public Service Commission's (TPSC) interexchange Reseller Rules and Regulations.
  - Understands the penalties for non-compliance, and all associated fees to provide such service.
  - Will comply with the TPSC Interexchange Reseller Rules and all other applicable Commission Rules and state laws, including T.C.A. Section 65-5-206.
  - That all information provided in the attached registration document is true to the best of my knowledge.

  
\_\_\_\_\_  
Mark Scully  
President  
US WATS, Inc.

Subscribed and sworn before me this  
14<sup>th</sup> day September, 1995.

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



seal

# ARTICLES OF INCORPORATION

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF STATE - CORPORATION BUREAU  
308 NORTH OFFICE BUILDING, HARRISBURG, PA 17120

PLEASE INDICATE (CHECK ONE) TYPE CORPORATION:

- DOMESTIC BUSINESS CORPORATION
- DOMESTIC BUSINESS CORPORATION  
A CLOSE CORPORATION - COMPLETE BACK
- DOMESTIC PROFESSIONAL CORPORATION  
ENTER BOARD LICENSE NO.

FEE  
\$75.00

010 NAME OF CORPORATION (MUST CONTAIN A CORPORATE INDICATOR UNLESS EXEMPT UNDER 15 P.S. 2908 B)

US WATS, Inc.

011 ADDRESS OF REGISTERED OFFICE IN PENNSYLVANIA (P.O. BOX NUMBER NOT ACCEPTABLE)

SIX EXECUTIVE MALL SUITE 103 676 EAST SWEDSFORD ROAD

012 CITY

WAYNE

033 COUNTY

013 STATE

PA

064 ZIP CODE

19087

050 EXPLAIN THE PURPOSE OR PURPOSES OF THE CORPORATION

TO PERFORM ANY AND ALL LAWFUL BUSINESS  
FOR WHICH CORPORATIONS MAY BE INCORPORATED.

(ATTACH 8 1/2 x 11 SHEET IF NECESSARY)

The Aggregate Number of Shares, Classes of Shares and Par Value of Shares Which the Corporation Shall Have Authority to Issue:

040 Number and Class of Shares	041 Stated Par Value Per Share if Any	042 Total Authorized Capital	031 Term of Existence
1000 Common	\$1.00	1,000	PERPETUAL

The Name and Address of Each Incorporator, and the Number and Class of Shares Subscribed to by Each Incorporator

060 Name	061, 062, 063, 064 Address (Street, City, State, Zip Code)	Number & Class of Shares
JOSEPH VALENTI	1415 LIMEKILN PIKE DRESHER, PA. 19034	600 Common
AARON R. BROWN	584 FRASSETTO DR. SOUTHAMPTON, PA. 18966	200 Common
STEPHEN J. PARKER	ARBORDEAU 10F DEVON, PA. 19333	200 Common

(ATTACH 8 1/2 x 11 SHEET IF NECESSARY)

IN TESTIMONY WHEREOF, THE INCORPORATOR(S) HAS (HAVE) SIGNED AND SEALED THE ARTICLES OF INCORPORATION

THIS 27<sup>th</sup> DAY OF OCTOBER 19 89

*Joseph Valenti*  
*Stephen J. Parker*

*Aaron R. Brown*

- FOR OFFICE USE ONLY -

030 FILED  OCT 30 1989  ACTING Secretary of the Commonwealth Department of State Commonwealth of Pennsylvania	002 CODE	003 REV BOX	SEQUENTIAL NO.	100 MICROFILM NUMBER	
	REVIEWED BY	004 SICC	AMOUNT	001 CORPORATION NUMBER	
	DATE APPROVED		\$		
	DATE REJECTED	CERTIFY TO D REV.	INPUT BY	LOG IN	LOG IN (REFILE)
	MAILED BY DATE	D L & I D OTHER	VERIFIED BY	LOG OUT	LOG OUT (REFILE)



Office of Secretary of State

I, MICHAEL HARKINS, SECRETARY OF STATE OF THE STATE OF DELAWARE DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF US WATS, INC. FILED IN THIS OFFICE ON THE TWENTY-EIGHTH DAY OF NOVEMBER, A.D. 1989, AT 9 O'CLOCK A.M.

|||||



769332027

*Michael Harkins*  
Michael Harkins, Secretary of State

AUTHENTICATION: 12443166

DATE: 12/07/1989

CERTIFICATE OF INCORPORATION

of

US WATS, INC.

**FILED**

NOV 28 1989

*gaw*

*[Signature]*  
DEPARTMENT OF STATE

FIRST. - The name of this corporation is US WATS, INC.

SECOND. - Its registered office in the State of Delaware is to be located at 725 Market Street in the City of Wilmington, County of New Castle. The registered agent in charge thereof is The Company Corporation at 725 Market Street.

THIRD. - The nature of the business and, the objects and purposes proposed to be transacted, promoted and carried on, are to do any or all the things herein mentioned, as fully and to the same extent as natural persons might or could do, and in any part of the world, viz:

"The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the general Corporation Law of Delaware."

FOURTH. - The amount of the total authorized capital stock of this corporation is 1000 SHARES OF NO PAR VALUE.

FIFTH. - The name and mailing address of the incorporator is as follows:

NAME: CAROLINE WALTERS ADDRESS: 725 MARKET ST., WILMINGTON, DE 19801

SIXTH. - The Directors shall have power to make and to alter or amend the By-Laws; to fix the amount to be reserved as working capital, and to authorize and cause to be executed, mortgages and liens without limit as to the amount, upon the property and franchise of the Corporation.

With the consent in writing, and pursuant to a vote of the holders of a majority of the capital stock issued and outstanding, the Directors shall have the authority to dispose, in any manner, of the whole property of this corporation.

The By-Laws shall determine whether and to what extent the accounts and books of this corporation, or any of them shall be open to the inspection of the stockholders; and no stockholder shall have any right of inspecting any account, or book or document of this Corporation, except as conferred by the law or by the By-Laws, or by resolution of the stockholders.

The stockholders and directors shall have power to hold their meetings and keep the books, documents and papers of the corporation outside of the State of Delaware, at such places as may be from time to time designated by the By-Laws or by resolution of the stockholders or directors, except as otherwise required by the laws of Delaware.

It is the intention that the objects, purposes and powers specified in the third paragraph hereof shall, except where otherwise specified in said paragraph, be nowise limited or restricted by reference to or inference from the terms of any other clause or paragraph in this certificate of incorporation, but that the objects, purposes and powers specified in the third paragraph and in each of the clauses or paragraphs of this charter shall be regarded as independent objects, purposes and powers.

SEVENTH. - Directors of the corporation shall not be liable to either the corporation or its stockholders for monetary damages for a breach of fiduciary duties unless the breach involves; (1) a director's duty of loyalty to the corporation or its stockholders; (2) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (3) liability for unlawful payments of dividends or unlawful stock purchases or redemption by the corporation; or (4) a transaction from which the director derived an improper personal benefit.

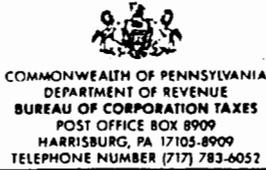
I, THE UNDERSIGNED, for the purpose of forming a Corporation under the laws of the State of Delaware, do make, file and record this Certificate and do certify that the facts herein are true; and I have accordingly hereunto set my hand.

DATED AT NOVEMBER 28, 1989

STATE OF DELAWARE

COUNTY OF NEW CASTLE

*Caroline Walters*



# OUT OF EXISTENCE/WITHDRAWAL AFFIDAVIT

Please Print or Type Information

For Departmental Use Only	Termination Effective Date:	Account Cleared Date:
---------------------------	-----------------------------	-----------------------

State of Pennsylvania State Corporate Box Number \_\_\_\_\_  
 County of Bucks Date of Inc./CA October 30, 1989  
 Name of Taxpayer/Corporation US WATS, Inc. Filing Period End \_\_\_\_\_

On this 27TH day of NOVEMBER, 19 89 before me personally appeared, A LEON MAENE, who duly swears or affirms; I was connected with the above corporation which was chartered under the laws of the State of Pennsylvania, and have knowledge of its affairs.

Said corporation ceased to transact business in Pennsylvania on or about \* NEVER TRANSACTED BUSINESS, and all assets were sold, assigned or distributed on NONE, and since that time, the corporation has not owned any property located in Pennsylvania, nor maintained an office therein, and does not intend to transact further business in the Commonwealth.

\* If corporation never transacted business or held assets in Pennsylvania, please use the words NEVER TRANSACTED BUSINESS in place of a cessation date.

**NOTE: The reverse side of this form must be completed if the company is a Pennsylvania domestic corporation or a foreign corporation that operates 100% within Pennsylvania.**

The filing of this Affidavit does not affect the status of the Certificate of Incorporation/Authority of this corporation but does permit the Department of State to relinquish the use of the present name of the corporation to another corporation.

This affidavit is not to be filed by a Pennsylvania corporation utilizing its Pennsylvania charter to conduct business in another state.

Sworn to and subscribed before me this 27TH day of Nov, 19 89

(Notary Public, District Justice, or Authorized Agent, Department of Revenue)

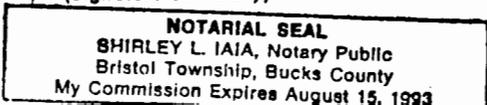
My commission expires 8/15, 19 93

Shirley L. Iaria  
(Signature of Notary)

A. Sean Maene  
(Signature of Affiant)

2909 GREEN AVE BRISTOL PA. 19001  
(Address)

Telephone Number 215-785-3525



PH

CERTIFICATE OF INCORPORATION

PH

OF

SECOND LLOYD FUNDING, INC.

Under Section 402 of the Business Corporation Law

The undersigned, being a natural person and at least eighteen years of age, desiring to form a business corporation pursuant to the Business Corporation Law of the State of New York, does hereby certify and set forth as follows:

SECOND: The name of the Corporation is:

SECOND LLOYD FUNDING, INC.

SECOND: The purpose or purposes for which the Corporation is organized are as follows, to wit:

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the Business Corporation Law, provided that the Corporation is not formed to engage in any act or activity which requires the consent or approval of any state official, department, board, agency or other body.

For the accomplishment of the aforesaid purposes, and in furtherance thereof, the Corporation shall have and may exercise all of the powers conferred by the Business Corporation Law upon corporations formed thereunder, subject to any limitations contained in Article 2 of said law or in accordance with the provisions of any other statute of the State of New York.

THIRD: The office of the Corporation is to be located in the County of Dutchess, State of New York.

FOURTH: The aggregate number of shares which the Corporation shall have the authority to issue is twenty million (20,000,000) shares, \$.001 par value per share.

FIFTH: No holder of any of the shares of any class of the Corporation shall be entitled as of right to subscribe for, purchase, or otherwise acquire any shares of any class of the Corporation which the Corporation proposes to issue or any rights or options which the Corporation proposes to grant for the purchase of shares of any class of the Corporation or for the purchase of any shares, bonds, securities or obligations of the Corporation which are convertible into or exchangeable for, or which carry any rights to subscribe for, purchase, or otherwise acquire shares of any class of the Corporation; and any and all of such shares, bonds, securities or obligations of the Corporation, whether now or hereafter authorized or created, may be issued, or may be reissued or transferred if the same have been reacquired

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and have treasury status, and any and all of such rights and options may be granted by the Board of Directors to such persons, firms, corporations and associations, and for such lawful consideration and on such terms as the Board of Directors in its discretion may determine, without first offering the same, or any thereof, to any said holder. Without limiting the generality of the foregoing stated denial of any and all pre-emptive rights, no holder of shares of any class of the Corporation shall have any pre-emptive rights in respect of the matters, proceedings or transactions specified in subparagraphs (1) to (6), inclusive, of paragraph (e) of Section 622 of the Business Corporation Law.

SIXTH: The Corporation shall, to the fullest extent permitted by Article 7 of the Business Corporation Law, as the same may be amended and supplemented, indemnify any and all persons whom it shall have power to indemnify under said Article from and against any and all of the expenses, liabilities, or other matters referred to in or covered by said Article, and the indemnification provided for herein shall not be deemed exclusive or any other right to which any person may be entitled under any By-law, resolution or shareholders, resolution of directors, agreement, or otherwise, as permitted by said Article, as to action in any capacity in which he served at the request of the Corporation.

SEVENTH: The personal liability of the directors of the Corporation is eliminated to the fullest extent permitted by the provisions of paragraph (b) of Section 402 of the Business Corporation Law, as the same may be amended and supplemented.

EIGHTH: The Secretary of State is designated as agent of the Corporation upon whom process against it may be served. The post office address to which the Secretary of State shall mail a copy of any process against the Corporation served upon him, is: 86 Pancake Hollow Road, Highland, New York 12528.

IN WITNESS WHEREOF, this certificate has been subscribed this 6th day of February, 1990, by the undersigned who affirms that the statements made herein are true under the penalties of perjury.

Anna Rozzi  
86 Pancake Hollow Road  
Highland, New York 12528

State of New York }  
Department of State } ss:

066029

*I hereby certify that I have compared the annexed copy with the original document filed by the Department of State and that the same is a correct transcript of said original.*

*Witness my hand and seal of the Department of State on*

*Jul 20 1906*  
  
Secretary of State

*PH*

*PH*

STATE OF NEW YORK  
DEPARTMENT OF STATE

FILED FEB 27 1990

AMT. OF CHECK \$ 120  
FILING FEE \$ 10  
TAX \$ 10  
COUNTY FEE \$ \_\_\_\_\_  
COPY \$ \_\_\_\_\_  
CERT \$ \_\_\_\_\_  
REFUND \$ \_\_\_\_\_  
SPEC HANDLE \$ 10

BY: *[Signature]*  
*P. Dutcher*

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CERTIFICATE OF INCORPORATION

OF

SECOND LLOYD FUNDING, INC.

Under Section 402 of the  
Business Corporation Law

Joel Pensley  
150 West End Avenue  
New York, New York 10023

30883

**BILLED**

FF 00810000285

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CERTIFICATE OF MERGER  
 OF  
 US WATS, INC.  
 INTO  
 SECOND LLOYD FUNDING, INC.  
 UNDER SECTION 904 OF THE BUSINESS CORPORATION LAW

We, the undersigned Anna Rozzi and Richard Rozzi being respectively the president and the secretary of Second Lloyd Funding, Inc., and Aaron R. Brown and Stephen Parker being respectively the president and assistant secretary of US WATS, Inc. hereby certify:

1. (a) The name of each constituent corporation is as follows:

Second Lloyd Funding, Inc.  
 US WATS, Inc.

(b) The name of the surviving corporation is Second Lloyd Funding, Inc. and following the merger its name shall be US WATS, Inc.

2. As to each constituent corporation, the designation and number of outstanding shares of each class and series and the voting rights thereof are as follows:

Name of Corporation	Designation and number of shares in each class or series outstanding	Class or Series of shares entitled to Vote	Shares entitled to vote as a class/series
Second Lloyd Funding, Inc.	Common 535,000	Common	535,000
US WATS, Inc.	Common 1,000 non-surviving	Common	1,000

3. The name of corporation is US WATS, Inc. At the Effective Time of the Merger the Certificate of Incorporation of Second Lloyd Funding, Inc., as hereby amended, shall become the Certificate of Incorporation of the Surviving Corporation and shall thereafter continue to be its Certificate of Incorporation until thereafter duly amended as provided by law. US Wats, Inc. has not filed an Application for Authority in the State of New York.

4. The date when the certificate of incorporation of each constituent corporation was filed by the Department of State is as follows:

NAME OF CORPORATION	DATE OF INCORPORATION
Second Lloyd Funding, Inc.	February 27, 1990

4a. The date when the articles of incorporation of each

constituent corporation was filed by the proper state authority in as follows:

<u>NAME OF CORPORATION</u>	<u>STATE</u>	<u>DATE OF INCORPORATION</u>
US WATS, Inc.	Delaware	November 28, 1989

3. The merger was adopted by each constituent corporation in the following manner:

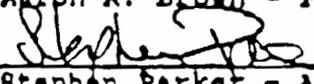
a. As to Second Lloyd Funding, Inc. by the affirmative vote of at least two-thirds of the issued and outstanding shares entitled to vote thereon.

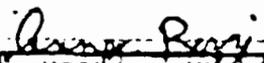
b. US WATS, Inc. has complied with the applicable provisions of the laws of the State of Delaware in which it is incorporated and this merger is permitted by such laws. The manner in which the merger was authorized with respect to said corporation was by the affirmative vote of more than a majority of the issued and outstanding shares entitled to vote thereon.

IN WITNESS WHEREOF, we have signed this certificate on the 2nd day of August, 1990, and we affirm the statements contained therein as true under penalties of perjury.

US WATS, INC.  


Aaron R. Brown - President

  
Stephen Parker - Asst. Secretary

SECOND LLOYD FUNDING, INC.  


Anna Rozzi - President

  
Richard Rozzi - Secretary

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CERTIFICATE OF MERGER

OF

US WATS, INC.

INTO

SECOND LLOYD FUNDING, INC.

UNDER SECTION 904 OF THE BUSINESS CORPORATION LAW

STATE OF NEW YORK  
DEPARTMENT OF STATE

FILED AUG 10 1990

TAXS \_\_\_\_\_

BY: \_\_\_\_\_

Oute

Richard Fox, P.A.  
2424 North Federal Highway Suite 255  
Boca Raton, FL 33431

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EX 104980522

# State of Delaware

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EVELYN  
REC'D



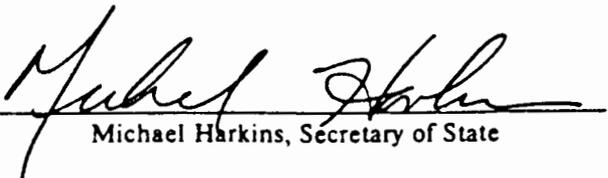
## Office of Secretary of State

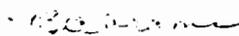
I, MICHAEL HARKINS, SECRETARY OF STATE OF THE STATE OF DELAWARE DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF CERTIFICATE OF AGREEMENT OF MERGER OF "US WATS, INC." A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF DELAWARE, MERGING WITH AND INTO "SECOND LLOYD FUNDING, INC." A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF NEW YORK UNDER THE NAME OF "US WATS, INC." AS RECEIVED AND FILED IN THIS OFFICE THE SIXTH DAY OF AUGUST, A.D. 1990, AT 3:30 O'CLOCK P.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE AFORESAID CORPORATION SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.



902185274

  
 Michael Harkins, Secretary of State

AUTHENTICATION: 

DATE: 08/06/1990

7/ 25211

EX 104100323

**CERTIFICATE AND AGREEMENT OF MERGER**, dated July 13, 1990 by and between US WATS, INC., a Delaware corporation ("US WATS") and SECOND LLOYD FUNDING, INC., a New York corporation ("Lloyd"), said two corporations hereinafter collectively referred to as the "Constituent Corporations."

**WITNESSETH:**

**WHEREAS**, the authorized capital stock of US WATS consists of 1,000 shares of Common Stock, no par value, of which 1,000 are issued and outstanding; and

**WHEREAS**, the authorized capital stock of Lloyd consists of 20,000,000 shares of Common Stock, \$.001 par value, of which 535,000 are issued and outstanding; and, there are issued and outstanding 350,000 redeemable common share purchase warrants which entitle the holders thereof to purchase an aggregate of 350,000 shares of Common Stock, \$.001 par value, at an exercise price of \$.75 per share of Common Stock, \$.001 par value; and

**WHEREAS**, US WATS and Lloyd have entered into a Plan of Reorganization, dated July 13, 1990 ("Reorganization Agreement"), providing for certain representations, warranties, and agreements in connection with the transaction contemplated herein and pursuant to which Lloyd has agreed that at the Effective Time of the Merger (as hereinafter defined) it will issue ten thousand (10,000) shares of its common stock, \$.001 par value, ("Lloyd Common Stock"), for each share of common stock, no par value, of US WATS ("US WATS Common Stock") outstanding immediately before the Effective Time of the Merger as herein provided; and

**WHEREAS**, the respective Boards of Directors of each of the Constituent Corporations deem it advisable and in the best interests of each of such corporations and their respective shareholders that US WATS be merged into Lloyd (the "Merger") in the manner herein contemplated;

**NOW, THEREFORE**, in consideration of the premises and the mutual covenants and agreements herein contained, and for the purpose of prescribing the terms and conditions of the Merger, the mode of carrying the same into effect, and the manner and the basis of converting the shares of US WATS into shares of Lloyd, and such other details and provisions as are deemed necessary or desirable, the parties hereto agree, subject to the terms and conditions hereinafter set forth, as follows:

**ARTICLE I**

In accordance with the provisions of the laws of the States of New York and Delaware, US WATS shall be merged with and into Lloyd, which shall be, and is herein sometimes referred to as, "the Surviving Corporation," provided that the name of the Surviving

Corporation shall be changed as hereinafter provided. The purpose of the Surviving Corporation is to engage in any lawful act or activity for which corporations may be organized under the New York Business Corporation Law, provided that the Surviving Corporation is not formed to engage in any act or activity which requires the consent of approval of any state official, department, board, agency or other body, and under the General Corporation Law of the State of Delaware.

## ARTICLE II

Except as herein specifically set forth, the identity, existence, purposes, powers, objects, franchises, privileges, rights, and immunities of Lloyd shall continue unaffected by the Merger, and the corporate franchises, existence, and rights of US WATS shall be merged into Lloyd, and as the Surviving Corporation, Lloyd shall be fully vested therewith. The separate existence and corporate organization of US WATS, except insofar as may be continued by statute, shall cease when the Merger shall become effective.

The Merger herein contemplated shall become effective at the time (the "Effective Time of the Merger") when the Merger is consummated in accordance with the laws of the States of New York and Delaware.

## ARTICLE III

(a) The Certificate of Incorporation of Lloyd is hereby amended, effective at the time of filing of this Certificate of Merger in the State of New York, by changing the first Article thereof so as to read in its entirety as follows:

1. The name of corporation is US WATS, Inc. (hereinafter called the "Surviving Corporation"). At the Effective Time of the Merger the Certificate of Incorporation of Lloyd, as hereby amended, shall become the Certificate of Incorporation of the Surviving Corporation and shall thereafter continue to be its Certificate of Incorporation until thereafter duly amended as provided by law.

(b) The Bylaws of Lloyd in effect immediately prior to the Effective Date of the Merger shall continue in full force and effect as the Bylaws and Regulations of the Surviving Corporation until they shall thereafter be duly amended.

(c) The names of the directors of the Surviving Corporation, who shall hold office, subject to the Bylaws thereof and the laws of the State of New York, until the next annual meeting of shareholders and until their successors are elected and qualified, are as follows:

Aaron R. Brown  
Stephen Parker  
Donald P. Flynn

The names of the officers of the Surviving Corporation, who shall hold office until their successors shall have been duly elected subject to the Bylaws of the Surviving Corporation, are as follows:

Aaron R. Brown, President & Treasurer  
Stephen Parker, Secretary

(d) The present number of shares which the Surviving Corporation is authorized to issue are 20,000,000 shares of Common Stock, \$.001 par value, which shall constitute the entire authorized capital stock of the Surviving Corporation from and after the Effective Time of the Merger.

(e) The registered office of the Surviving Corporation in the State of New York shall be located at 86 Pancake Hollow Road, Highland, New York 12528.

#### ARTICLE IV

The manner and basis of carrying into effect the Merger provided for herein shall be as follows:

(a) The shares of Common Stock, \$.001 par value, of Lloyd issued and outstanding at the Effective Time of the Merger shall not be converted as the result of the Merger, but shall remain unchanged, and each certificate evidencing ownership of any such shares shall continue to evidence ownership of the same number of shares of the Surviving Corporation.

(b) At the Effective Time of the Merger, each outstanding share of US WATS Common Stock shall be converted into ten thousand (10,000) shares of Lloyd Common Stock. No fractional shares shall be issued. If the number of shares required in the conversion includes a fraction, such fraction will be disregarded.

(c) As promptly as practicable after the Effective Time of the Merger, each holder of an outstanding certificate or certificates theretofore representing shares of US WATS Common Stock may surrender such certificates to Lloyd, and each holder shall be entitled, upon such surrender, to receive in exchange therefor a certificate or certificates representing 10,000 shares of Lloyd Common Stock for each share of US WATS Common Stock surrendered. Until so surrendered, each outstanding certificate which, prior to the Effective Time of the Merger, represented US WATS Common Stock, shall be deemed for all corporate purposes, except the payment of dividends, to evidence ownership of Lloyd Common Stock, on the

ARTICLE VI

From time to time, as and when requested by the Surviving Corporation, or by its successors or assigns, US WATS shall execute and deliver or cause to be executed and delivered all such other instruments, and shall take or cause to be taken all such further other actions, as the Surviving Corporation, or its successors or assigns, may deem necessary or desirable in order to vest in and confirm to the Surviving Corporation, and its successors and assigns, title to and possession of all of the property, rights, privileges, powers, and franchises referred to in Article V hereof and otherwise to carry out the intent and purposes of this Certificate and Agreement of Merger.

ARTICLE VII

If the Reorganization Agreement is terminated in accordance with the provisions thereof prior to the Effective Date of the Merger, then this Certificate and Agreement of Merger shall simultaneously terminate without further action on the part of the Constituent Corporations, notwithstanding prior approval of the shareholders of either Constituent Corporation. Anything herein to the contrary notwithstanding, this Certificate and Agreement of Merger may be terminated and abandoned or amended in any respect (except that no amendment may be made to the number of shares of Lloyd Common Stock to be issued to US WATS shareholders) by mutual consent of the Boards of Directors of US WATS and Lloyd at any time prior to the Effective Time of the Merger, and the Board of Directors of either party may waive any of the conditions to the obligations of such party under this Certificate and Agreement of Merger.

ARTICLE VIII

For the convenience of the parties hereto and to facilitate the filing and recording of this Certificate and Agreement of Merger, any number of counterparts hereof may be executed, and each such counterpart shall be deemed to be an original instrument.

IN WITNESS WHEREOF, each of the Constituent Corporations has caused this Certificate and Agreement of Merger to be signed in its corporate name by its president and secretary, all as of the date first above written.

US WATS, INC.

By:

President

By:

Secretary

SECOND LLOYD FUNDING, INC.

By:

President

By:

Secretary

Secretary of State

Corporations Section

James K. Polk Building, Suite 1800

Nashville, Tennessee 37243-0306

DATE: 03/16/92  
REQUEST NUMBER: 2400-0431  
TELEPHONE CONTACT: (615) 741-0537  
FILE DATE/TIME: 03/16/92 1001  
EFFECTIVE DATE/TIME: 03/16/92 1001  
CONTROL NUMBER: 0251175

TO:  
CHARLES E. SIMON & CO.  
1090 VERMONT AVE NW  
SUITE 430  
WASHINGTON, DE 20005

RE:  
US WATS, INC.  
APPLICATION FOR CERTIFICATE OF  
AUTHORITY - FOR PROFIT

WELCOME TO THE STATE OF TENNESSEE. THE CERTIFICATE OF AUTHORITY FOR THE ABOVE CORPORATION IS VALID AS OF THE EFFECTIVE DATE INDICATED ABOVE.

A CORPORATION ANNUAL REPORT MUST BE FILED WITH THE SECRETARY OF STATE ON OR BEFORE THE FIRST DAY OF THE FOURTH MONTH FOLLOWING THE CLOSE OF THE CORPORATION'S FISCAL YEAR (EFFECTIVE JULY 1, 1990). PLEASE PROVIDE THIS OFFICE WITH WRITTEN NOTIFICATION OF YOUR CORPORATION'S FISCAL YEAR. THIS OFFICE WILL MAIL THE REPORT DURING THE LAST MONTH OF SAID FISCAL YEAR TO THE CORPORATION AT THE ADDRESS OF ITS PRINCIPAL OFFICE OR TO A MAILING ADDRESS PROVIDED TO THIS OFFICE IN WRITING. FAILURE TO FILE THIS REPORT OR TO MAINTAIN A REGISTERED AGENT AND OFFICE WILL SUBJECT THE CORPORATION TO ADMINISTRATIVE REVOCATION OF ITS CERTIFICATE OF AUTHORITY.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR FILING, PLEASE REFER TO THE CORPORATION CONTROL NUMBER GIVEN ABOVE.

FOR: APPLICATION FOR CERTIFICATE OF  
AUTHORITY - FOR PROFIT

FROM:  
PRENTICE-HALL LEGAL & FINANCIAL (DC)  
1025 VERMONT AVE NW

WASHINGTON, DC 20005-0000

RECEIVED: \$300.00

ON DATE: 03/16/92

RECEIPT NUMBER: 00001322898  
ACCOUNT NUMBER: 00022302



BRYANT MILLSAPS  
SECRETARY OF STATE