

# GLOBAL RESOURCES GROUP, INC.

July 12, 2000

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MAIL ROOM

Florida Public Service Commission  
Division of Records and Reporting  
2540 Shumard Oak Blvd  
Tallahassee, Florida 32399-0850

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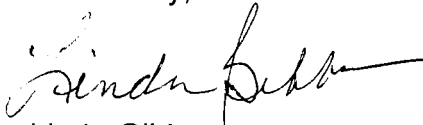
To Whom It May Concern:

Enclosed please find an application for an Original certificate to provide Interexchange Telecommunications Service within the State of Florida. You will find the following documents:

- Application
- Appendix A is not completed because it does not apply to our company.
- Appendix B
- Appendix C
- Appendix D
- Statement of Funding
- Audited Financial Statements
- Resumes reflecting Managerial and technical capability
- GRGI Tariff

If you have any questions or need further information, please feel free to contact me at 727-550-2442 X222 or via email at [Linda.gibbons@grgi.net](mailto:Linda.gibbons@grgi.net).

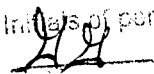
Yours truly,



Linda Gibbons  
Provisioning Manager  
Global Resources Group, Inc

Check received with filing and forwarded to Fiscal for deposit. Fiscal to forward a copy of check to RAR with proof of deposit.

Initials of person who forwarded check:



DOCUMENT NUMBER-DATE  
08578 JUL 17 8  
DIVISION OF RECORDS AND REPORTING

# ORIGINAL

## **\*\* FLORIDA PUBLIC SERVICE COMMISSION \*\***

### **DIVISION OF TELECOMMUNICATIONS** **BUREAU OF CERTIFICATION AND SERVICE EVALUATION**

#### Application Form for Authority to Provide Interexchange Telecommunications Service Between Points Within the State of Florida

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#### Instructions

- ◆ This form is used as an application for an original certificate and for approval of assignment or transfer of an existing certificate. In the case of an assignment or transfer, the information provided shall be for the assignee or transferee (See Appendix A).
- ◆ Print or Type all responses to each item requested in the application and appendices. If an item is not applicable, please explain why.
- ◆ Use a separate sheet for each answer which will not fit the allotted space.
- ◆ Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of **\$250.00** to:

**Florida Public Service Commission  
Division of Records and Reporting  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850  
(850) 413-6770**

Note: **No filing fee is required** for an assignment or transfer of an existing certificate to another certificated company.

- ◆ If you have questions about completing the form, contact:

**Florida Public Service Commission  
Division of Telecommunications  
Bureau of Certification and Service Evaluation  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850  
(850) 413-6600**

1. This is an application for  $\checkmark$  (check one):

**Original certificate** (new company).

**Approval of transfer of existing certificate:**

Example, a certificated company purchases an existing certificated company and desires to retain the authority of both certificates.

**Approval of assignment of existing certificate:**

Example, a non-certificated company purchases an existing company and desires to retain the certificate of authority rather than apply for a new certificate.

**Approval of transfer of control:**

Example, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. Name of company:

Global Resources Group, Inc.

3. Name under which applicant will do business (fictitious name, etc.):

Global Resources Group, Inc (GRGI)

4. Official mailing address (including street name & number, post office box, city, state, zip code):

111 Second Avenue NE

Suite 1600

St. Petersburg, FL 33701

5. Florida address (including street name & number, post office box, city, state, zip code):

Same as above

6. Select type of business your company will be conducting  (check all that apply):

- Facilities-based carrier** - company owns and operates or plans to own and operate telecommunications switches and transmission facilities in Florida.
- Operator Service Provider** - company provides or plans to provide alternative operator services for IXCs; or toll operator services to call aggregator locations; or clearinghouse services to bill such calls.
- Reseller** - company has or plans to have one or more switches but primarily leases the transmission facilities of other carriers. Bills its own customer base for services used.
- Switchless Rebiller** - company has no switch or transmission facilities but may have a billing computer. Aggregates traffic to obtain bulk discounts from underlying carrier. Rebills end users at a rate above its discount but generally below the rate end users would pay for unaggregated traffic.
- Multi-Location Discount Aggregator** - company contracts with unaffiliated entities to obtain bulk/volume discounts under multi-location discount plans from certain underlying carriers, then offers resold service by enrolling unaffiliated customers.
- Prepaid Debit Card Provider** - any person or entity that purchases 800 access from an underlying carrier or unaffiliated entity for use with prepaid debit card service and/or encodes the cards with personal identification numbers.

7. Structure of organization;

- |  |   |
|--|---|
| <input type="checkbox"/> Individual          | <input checked="" type="checkbox"/> Corporation |
| <input type="checkbox"/> Foreign Corporation | <input type="checkbox"/> Foreign Partnership    |
| <input type="checkbox"/> General Partnership | <input type="checkbox"/> Limited Partnership    |
| <input type="checkbox"/> Other _____         |   |

8. If individual, provide:

Name: NA

Title: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Telephone No.: \_\_\_\_\_ Fax No.: \_\_\_\_\_

Internet E-Mail Address: \_\_\_\_\_

Internet Website Address: \_\_\_\_\_

9. **If incorporated in Florida**, provide proof of authority to operate in Florida:

(a) **The Florida Secretary of State Corporate Registration number:**  
Not applicable

10. **If foreign corporation**, provide proof of authority to operate in Florida:

(a) **The Florida Secretary of State Corporate Registration number:**  
F 980000 3948

11. **If using fictitious name-d/b/a**, provide proof of compliance with fictitious name statute (Chapter 865.09, FS) to operate in Florida:

(a) **The Florida Secretary of State fictitious name registration number:** Not applicable

12. **If a limited liability partnership**, provide proof of registration to operate in Florida:

(a) **The Florida Secretary of State registration number:** NA

13. **If a partnership**, provide name, title and address of all partners and a copy of the partnership agreement.

Name: NA

Title: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Telephone No.: \_\_\_\_\_ Fax No.: \_\_\_\_\_

Internet E-Mail Address: \_\_\_\_\_

Internet Website Address: \_\_\_\_\_

14. **If a foreign limited partnership**, provide proof of compliance with the foreign limited partnership statute (Chapter 620.169, FS), if applicable.

(a) The Florida registration number: NA

15. Provide **F.E.I. Number** (if applicable): \_\_\_\_\_

16. Provide the following (if applicable):

(a) Will the name of your company appear on the bill for your services?  
(  ) Yes (  ) No

(b) If not, who will bill for your services?

Name: NA

Title: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Telephone No.: \_\_\_\_\_ Fax No.: \_\_\_\_\_

(c) How is this information provided?

\_\_\_\_\_  
\_\_\_\_\_

17. Who will receive the bills for your service?

(  ) Residential Customers

(  ) Business Customers

(  ) PATs providers

(  ) PATs station end-users

(  ) Hotels & motels

(  ) Hotel & motel guests

( ) Universities ( ) Universities dormitory residents  
( ) Other: (specify) \_\_\_\_\_

18. Who will serve as liaison to the Commission with regard to the following?

(a) The application:

Name: Linda Gibbons

Title: Manager

Address: 111 2nd Av NE Suite 1600

City/State/Zip: St Petersburg FL 33701

Telephone No.: 727-550-2442 Fax No.: 727-550-2446

Internet E-Mail Address: linda.gibbons@grgi.net

Internet Website Address: \_\_\_\_\_

(b) Official point of contact for the ongoing operations of the company:

Name: Scotty Miller

Title: \_\_\_\_\_

Address: 111 2nd Av NE Suite 1600

City/State/Zip: St Petersburg FL 33701

Telephone No.: 727-550-2442 Fax No.: 727-550-2446

Internet E-Mail Address: scotty.miller@grgi.net

Internet Website Address: \_\_\_\_\_

(c) Complaints/Inquiries from customers:

Name: Linda Gibbons

Title: Manager

Address: Same as above

City/State/Zip: \_\_\_\_\_

Telephone No.: \_\_\_\_\_ Fax No.: \_\_\_\_\_

Internet E-Mail Address: \_\_\_\_\_

Internet Website Address: \_\_\_\_\_

19. List the states in which the applicant:

(a) has operated as an interexchange telecommunications company.

NONE

(b) has applications pending to be certificated as an interexchange telecommunications company.

Florida

(c) is certificated to operate as an interexchange telecommunications company.

NONE

(d) has been denied authority to operate as an interexchange telecommunications company and the circumstances involved.

None

(e) has had regulatory penalties imposed for violations of telecommunications statutes and the circumstances involved.



NONE

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- (f) has been involved in civil court proceedings with an interexchange carrier, local exchange company or other telecommunications entity, and the circumstances involved.

None

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20. Indicate if any of the officers, directors, or any of the ten largest stockholders have previously been:

- (a) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. If so, please explain.

No

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- (b) an officer, director, partner or stockholder in any other Florida certificated telephone company. If yes, give name of company and relationship. If no longer associated with company, give reason why not.

No

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21. The applicant will provide the following interexchange carrier services  (check all that apply):

a. \_\_\_\_\_ **MTS with distance sensitive per minute rates**

\_\_\_\_\_ Method of access is FGA  
\_\_\_\_\_ Method of access is FGB  
\_\_\_\_\_ Method of access is FGD  
\_\_\_\_\_ Method of access is 800

b. \_\_\_\_\_ **MTS with route specific rates per minute**

\_\_\_\_\_ Method of access is FGA  
\_\_\_\_\_ Method of access is FGB  
\_\_\_\_\_ Method of access is FGD  
\_\_\_\_\_ Method of access is 800

c. \_\_\_\_\_ **MTS with statewide flat rates per minute (i.e. not distance sensitive)**

\_\_\_\_\_ Method of access is FGA  
\_\_\_\_\_ Method of access is FGB  
\_\_\_\_\_ Method of access is FGD  
\_\_\_\_\_ Method of access is 800

d. \_\_\_\_\_ **MTS for pay telephone service providers**

e. \_\_\_\_\_ **Block-of-time calling plan (Reach Out Florida, Ring America, etc.).**

f. X \_\_\_\_\_ **800 service (toll free)**

g. X \_\_\_\_\_ **WATS type service (bulk or volume discount)**

X \_\_\_\_\_ Method of access is via dedicated facilities  
\_\_\_\_\_ Method of access is via switched facilities

h. X \_\_\_\_\_ **Private line services (Channel Services)**  
(For ex. 1.544 mbs., DS-3, etc.)

i. \_\_\_\_\_ **Travel service**

\_\_\_\_\_ Method of access is 950  
\_\_\_\_\_ Method of access is 800

j. \_\_\_\_\_ **900 service**

k. \_\_\_\_\_ **Operator services**

- \_\_\_\_\_ Available to presubscribed customers
- \_\_\_\_\_ Available to non presubscribed customers (for example, to patrons of hotels, students in universities, patients in hospitals).
- \_\_\_\_\_ Available to inmates

i. **Services included are:**

- \_\_\_\_\_ Station assistance
- \_\_\_\_\_ Person-to-person assistance
- \_\_\_\_\_ Directory assistance
- \_\_\_\_\_ Operator verify and interrupt
- \_\_\_\_\_ Conference calling

22. Submit the proposed tariff under which the company plans to begin operation. Use the format required by Commission Rule 25-24.485 (example enclosed).

23. Submit the following:

**A. Financial capability.**

The application **should contain** the applicant's audited financial statements for the most recent 3 years. If the applicant does not have audited financial statements, it shall so be stated.

The unaudited financial statements should be signed by the applicant's chief executive officer and chief financial officer **affirming that the financial statements are true and correct** and should include:

1. the balance sheet;
2. income statement; and
3. statement of retained earnings.

**NOTE:** *This documentation may include, but is not limited to, financial statements, a projected profit and loss statement, credit references, credit bureau reports, and descriptions of business relationships with financial institutions.*

Further, the following (which includes supporting documentation) should be provided:

1. **A written explanation** that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.
2. **A written explanation** that the applicant has sufficient financial capability to maintain the requested service.
3. **A written explanation** that the applicant has sufficient financial capability to meet its lease or ownership obligations.

**B. Managerial capability;** give resumes of employees/officers of the company that would indicate sufficient managerial experiences of each.

**C. Technical capability;** give resumes of employees/officers of the company that would indicate sufficient technical experiences or indicate what company has been contracted to conduct technical maintenance.

**\*\* APPLICANT ACKNOWLEDGMENT STATEMENT \*\***

1. **REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of its gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of \$50 is required.
2. **GROSS RECEIPTS TAX:** I understand that all telephone companies must pay a gross receipts tax of two and one-half percent on all intra and interstate business.
3. **SALES TAX:** I understand that a seven percent sales tax must be paid on intra and interstate revenues.
4. **APPLICATION FEE:** I understand that a non-refundable application fee of \$250.00 must be submitted with the application.

**UTILITY OFFICIAL:**

Signature	<u>Linda P. Bus</u>	Date	<u>7/12/00</u>
Title	<u>Manager Provisioning</u>	Telephone No.	<u>727-550-2442</u>
Address:	<u>111 2nd Av NE</u>	Fax No.	<u>727-550-2446</u>
	<u>Suite 1600</u>		
	<u>St. Petersburg FL 33701</u>		

**ATTACHMENTS:**

- A - CERTIFICATE SALE, TRANSFER, OR ASSIGNMENT STATEMENT
- B - CUSTOMER DEPOSITS AND ADVANCE PAYMENTS
- C - CURRENT FLORIDA INTRASTATE NETWORK
- D - AFFIDAVIT

**CERTIFICATE TRANSFER, OR ASSIGNMENT STATEMENT**

I, (Name) \_\_\_\_\_,

(Title) \_\_\_\_\_ of

\_\_\_\_\_  
(Name of Company)

and current holder of Florida Public Service Commission Certificate Number

# \_\_\_\_\_, have reviewed this application and join in the  
petitioner's request for a:

( ) transfer

( ) assignment

of the above-mentioned certificate.

**UTILITY OFFICIAL:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

\_\_\_\_\_  
Telephone No.

Address: \_\_\_\_\_

\_\_\_\_\_  
Fax No.

**CUSTOMER DEPOSITS AND ADVANCE PAYMENTS**

A statement of how the Commission can be assured of the security of the customer's deposits and advance payments may be provided in one of the following ways (applicant, please  $\checkmark$  check one):

- (  ) The applicant will **not** collect deposits nor will it collect payments for service more than one month in advance.
  
- (  ) The applicant intends to collect deposits and/or advance payments for more than one month's service and will file and maintain a surety bond with the Commission in an amount equal to the current balance of deposits and advance payments in excess of one month.  
(The bond must accompany the application.)

**UTILITY OFFICIAL:**

Signature	<u><i>Leida Soto</i></u>	Date	<u>7/12/00</u>
Title	<u>Manager Procuring</u>	Telephone No.	<u>727-550-2442</u>
Address:	<u>111 2nd AV NE</u>	Fax No.	<u>727-550-2446</u>
	<u>Suite 1600</u>		
	<u>St Petersburg FL 33701</u>		

**CURRENT FLORIDA INTRASTATE SERVICES**

Applicant has ( ) or has not (X) previously provided intrastate telecommunications in Florida.

If the answer is has, fully describe the following:

a) What services have been provided and when did these services begin?

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b) If the services are not currently offered, when were they discontinued?

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**UTILITY OFFICIAL:**

<i>Linda Silvers</i>	7/12/00
Signature	Date
<i>Provisioning Manager</i>	727-550-2442
Title	Telephone No.
Address: <i>111 2nd AV NE</i>	727-550-2442
<i>Suite 1600</i>	Fax No.
<i>St. Petersburg, FL</i>	



**AFFIDAVIT**

By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in this application and attached documents and that the applicant has the technical expertise, managerial ability, and financial capability to provide alternative local exchange company service in the State of Florida. I have read the foregoing and declare that, to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules and orders.

Further, I am aware that, pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083."

**UTILITY OFFICIAL:**

Signature	<u><i>Linda Silva</i></u>	Date	<u>7/12/00</u>
Title	<u>Provisioning Manager</u>	Telephone No.	<u>727-550-2442</u>
Address:	<u>111 Ind AV NE</u>	Fax No.	<u>727-550-2446</u>
	<u>Suite 1600</u>		
	<u>St Petersburg FL 33701</u>		

# GLOBAL RESOURCES GROUP, INC.

July 12, 2000

The company's shareholders have funded it on a monthly basis during the development stage for over two years at average amounts exceeding \$300,000 per month. It is believed that future business in the pipeline (see attached forecast) combined with this continuing commitment should assure the company's ability to support its requirement.

**GRG, INC.**  
**(dba Global Resources Group, Inc.)**  
**(Formerly Ghiglieri Corporation)**  
**(A Development Stage Company)**

**FINANCIAL STATEMENTS**

**December 31, 1999**

**GRG, INC.**  
(dba Global Resources Group, Inc.)  
(Formerly Ghiglieri Corporation)  
(A Development Stage Company)  
Balance Sheet

ASSETS

	<u>December 31,</u> <u>1999</u>
<b>CURRENT ASSETS</b>	
Cash	\$ <u>42,322</u>
Total Current Assets	<u>42,322</u>
<b>FIXED ASSETS (Note 1)</b>	
Furniture and fixtures	18,186
Leasehold improvements	5,000
Equipment, net	-
Accumulated depreciation	<u>(4,057)</u>
Net Fixed Assets	<u>19,129</u>
<b>OTHER ASSETS</b>	
Investment in contracts, net (Notes 3, 6 and 7)	-
Deposits (Notes 9 and 10)	<u>354,679</u>
Total Other Assets	<u>354,679</u>
<b>TOTAL ASSETS</b>	<u>\$ <u>416,130</u></u>

The accompanying notes are an integral part of these financial statements.

**GRG, Inc.**  
 (dba Global Resources Group, Inc.)  
 (Formerly Ghiglieri Corporation)  
 (A Development Stage Company)  
 Balance Sheet (Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

	<u>December 31,</u> <u>1999</u>
<b>CURRENT LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 209,710
Notes payable, current portion (Note 8)	<u>381,000</u>
Total Current Liabilities	<u>590,710</u>
<b>LONG-TERM LIABILITIES</b>	
Notes payable (Note 8)	<u>287,485</u>
Total Long-Term Liabilities	<u>287,485</u>
<b>COMMITMENTS AND CONTINGENCIES (Note 2)</b>	
<b>STOCKHOLDERS' EQUITY (Note 3 and 6)</b>	
Common stock, \$0.001 par value, 100,000,000 shares authorized; issued and outstanding 22,738,315 shares	22,738
Additional paid-in capital	14,165,378
Deferred compensation payable in common stock (Note 3)	(3,018,600)
Deficit accumulated during the development stage	<u>(11,631,581)</u>
Total Stockholders' Equity (Deficit)	<u>(462,065)</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 416,130</u>

The accompanying notes are an integral part of these financial statements.

**GRG, INC.**  
(dba Global Resources Group, Inc.)  
(Formerly Ghiglieri Corporation)  
(A Development Stage Company)  
Statements of Operations

	For the Years Ended December 31,		From Inception of the Development Stage on March 19, 1992 Through December 31, 1999
	1999	1998	1999
<b>REVENUES</b>			
Sales, net	\$ 164,200	\$ -	\$ 164,200
Cost of sales	<u>409,000</u>	<u>-</u>	<u>409,000</u>
Gross Margin	<u>(244,800)</u>	<u>-</u>	<u>(244,800)</u>
<b>EXPENSES</b>			
General and administrative	4,969,533	4,746,129	9,763,993
Depreciation and amortization	<u>2,923</u>	<u>1,134</u>	<u>4,057</u>
Total Expenses	<u>4,972,456</u>	<u>4,747,263</u>	<u>9,768,050</u>
<b>LOSS FROM OPERATIONS</b>	<u>(5,217,256)</u>	<u>(4,747,263)</u>	<u>10,012,850</u>
<b>OTHER (EXPENSE)</b>			
Loss on investment (Note ___)	(225,000)	-	(225,000)
Loss on disposition of property and equipment	-	(23,749)	(23,749)
Writeoff of rescinded acquisitions (Note 3)	<u>-</u>	<u>(1,086,744)</u>	<u>(1,086,744)</u>
Total Other (Expense)	<u>(225,000)</u>	<u>(1,110,493)</u>	<u>(1,335,493)</u>
<b>(LOSS) BEFORE DISCONTINUED OPERATIONS</b>	<u>(5,442,256)</u>	<u>(5,857,756)</u>	<u>(11,631,581)</u>
<b>(LOSS) FROM DISCONTINUED OPERATIONS (Note 7)</b>	<u>(283,238)</u>	<u>-</u>	<u>(283,238)</u>
<b>(LOSS) BEFORE INCOME TAXES</b>	(5,725,494)	(5,857,756)	(11,631,581)
<b>INCOME TAX EXPENSE</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET (LOSS)</b>	<u>\$ (5,725,494)</u>	<u>\$ (5,857,756)</u>	<u>\$ (11,631,581)</u>
Loss before discontinued operations	\$ (0.29)	\$ (0.48)	
Discontinued operations	<u>(0.01)</u>	<u>-</u>	
<b>BASIC (LOSS) PER SHARE</b>	<u>\$ (0.30)</u>	<u>\$ (0.48)</u>	
<b>WEIGHTED AVERAGE SHARES OUTSTANDING</b>	<u>18,938,004</u>	<u>12,269,191</u>	

The accompanying notes are an integral part of these financial statements.

**GRG, INC.**  
(dba Global Resources Group, Inc.)  
(Formerly Ghiglieri Corporation)  
(A Development Stage Company)  
Statements of Stockholders' Equity (Deficit)

	Common Stock		Additional Paid-in Capital	Deferred Compensation	Accumulated Deficit	Total
	Shares	Amount				
Balance at inception on March 19, 1992	-	\$ -	\$ -	\$ -	\$ -	\$ -
Issuance of common capital stock for cash at \$0.003 per share at March 19, 1992	750,000	750	1,500	-	-	2,250
Capital contributions by shareholder's through payment of expenses	-	-	2,400	-	-	2,400
Net loss from inception on March 19, 1992 through December 31, 1993	-	-	-	-	(9,504)	(9,504)
Balance, December 31, 1993	750,000	750	3,900	-	(9,504)	(4,854)
Capital contributions by shareholders' through payment of expenses	-	-	16,040	-	-	16,040
Issuance of common capital stock for cash at \$0.008 per share - net of offering costs	2,250,000	2,250	15,391	-	-	17,641
Net loss for the year ended December 31, 1994	-	-	-	-	(12,144)	(12,144)
Balance, December 31, 1994	3,000,000	3,000	35,331	-	(21,648)	16,683
Net loss for the year ended December 31, 1995	-	-	-	-	-	-
Balance, December 31, 1995	3,000,000	3,000	35,331	-	(21,648)	16,683
Net loss for the year ended December 31, 1996	-	-	-	-	(4,700)	(4,700)
Balance, December 31, 1996	3,000,000	\$ 3,000	\$ 35,331	\$ -	\$ (26,348)	\$ 11,983

The accompanying notes are an integral part of these financial statements.

**GRG, INC.**  
(dba Global Resources Group, Inc.)  
(Formerly Ghiglieri Corporation)  
(A Development Stage Company)  
Statements of Stockholders' Equity (Deficit) (Continued)

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Deferred Compensation</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>				
Balance, December 31, 1996	3,000,000	\$ 3,000	\$ 35,331	\$ -	\$ (26,348)	\$ 11,983
Issuance of common capital stock for services at \$0.01 per share	1,000,000	1,000	9,000	-	-	10,000
Net loss for the year ended December 31, 1997	-	-	-	-	(21,983)	(21,983)
Balance, December 31, 1997	4,000,000	4,000	44,331	-	(48,331)	-
Common stock issued for acquisition of International Teleservices Operating Division at predecessor cost of \$0.00 per share per share	5,224,310	5,224	18,525	-	-	23,749
Common stock issued for acquisition of Teleprizes Operating Division at predecessor cost of \$0.03 per share	3,150,000	3,150	92,784	-	-	95,934
Capital contribution by shareholders	-	-	1,625,000	-	-	1,625,000
Issuance of shares to directors for services at \$0.99 per share	1,000,000	1,000	990,000	-	-	991,000
Issuance of shares for telecommunications services at \$1.00 per share	1,200,000	1,200	1,198,800	-	-	1,200,000
Balance Forward	14,574,310	\$ 14,574	\$ 3,969,440	\$ -	\$ (48,331)	\$ 3,935,683

The accompanying notes are an integral part of these financial statements.



**GRG, INC.**  
(dba Global Resources Group, Inc.)  
(Formerly Ghiglieri Corporation)  
(A Development Stage Company)  
Statements of Stockholders' Equity (Deficit) (Continued)

	Common Stock		Additional Paid-in Capital	Deferred Compensation	Accumulated Deficit	Total
	Shares	Amount				
Balance Forward	14,574,310	\$ 14,574	\$ 3,969,440	\$ -	\$ (48,331)	\$ 3,935,683
Issuance of shares for administrative services at \$1.00 per share	200,000	200	199,800	-	-	200,000
Issuance of shares to shareholder as reimbursement for expenses paid at \$1.00 per share	250,000	250	249,750	-	-	250,000
Issuance of shares for merger and acquisition services at \$1.00 per share	350,000	350	349,650	-	-	350,000
Common stock issued in rescinded acquisitions at \$1.00 per share	485,000	485	484,515	-	-	485,000
Issuance of shares in Regulation D Rule 504 offering at \$1.00 per share	663,956	664	663,292	-	-	663,956
Issuance of shares in Regulation D Rule 504 offering at \$0.75 per share	376,627	377	282,093	-	-	282,470
Net loss for the year ended December 31, 1998	-	-	-	-	(5,857,756)	(5,857,756)
Balance, December 31, 1998	<u>16,899,893</u>	<u>\$ 16,900</u>	<u>\$ 6,198,540</u>	<u>\$ -</u>	<u>\$ (5,906,087)</u>	<u>\$ 309,353</u>

The accompanying notes are an integral part of these financial statements.

**GRG, INC.**  
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Statements of Stockholders' Equity (Deficit) (Continued)

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Deferred Compensation</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>				
Balance forward	16,899,893	\$ 16,900	\$ 6,198,540	\$ -	\$ (5,906,087)	\$ 309,353
Issuance of shares for cash and services at \$1.00 per share	59,400	59	59,341	-	-	59,400
Issuance of shares for services at \$1.13 per share	1,016,061	1,016	1,142,052	-	-	1,143,068
Issuance of shares for cash and services at \$1.88 per share	806,400	806	1,511,194	-	-	1,512,000
Issuance of shares for cash and services at \$2.00 per share	136,641	137	273,145	-	-	273,282
Issuance of shares for cash and services at \$1.63 per share	150,049	150	243,680	-	-	243,830
Issuance of shares for cash and services at \$1.30 per share	385,499	385	481,488	-	-	481,873
Issuance of shares for cash and services at \$1.13 per share	6,200	6	6,969	-	-	6,975
Issuance of shares for cash and services at \$0.97 per share	51,667	52	49,962	-	-	50,014
Issuance of shares for cash at \$0.94 per share	227,617	228	213,049	-	-	213,277
Issuance of shares for cash and services at \$1.31 per share	480,000	480	629,280	-	-	629,760
Issuance of shares for services at \$0.81 per share	50,000	50	40,550	-	-	40,600
Issuance of shares for services at \$0.81 per share	133,333	133	108,133	-	-	108,266
Issuance of shares for cash and services at \$0.88 per share	145,555	146	127,215	-	-	127,361
Issuance of shares for cash and services at \$0.88 per share	<u>70,000</u>	<u>70</u>	<u>61,180</u>	<u>-</u>	<u>-</u>	<u>61,250</u>
Balance forward	<u>20,618,315</u>	<u>\$ 20,618</u>	<u>\$11,145,778</u>	<u>\$ -</u>	<u>\$ (5,906,087)</u>	<u>\$ 5,260,309</u>

The accompanying notes are an integral part of these financial statements.

**GRG, INC.**  
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 Statements of Stockholders' Equity (Deficit) (Continued)

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Deferred Compensation</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>				
Balance forward	20,618,315	\$ 20,618	\$11,145,778	\$ -	\$ (5,906,087)	\$ 5,260,309
Issuance of shares for compensation to officers at \$1.13 per share	1,560,000	1,560	1,753,440	(1,753,440)	-	1,560
Issuance of shares for compensation to officers at \$0.81 per share	1,560,000	1,560	1,265,160	(1,265,160)	-	1,560
Cancellation of common stock in rescinded acquisition	(1,000,000)	(1,000)	1,000	-	-	-
Net loss for the year ended December 31, 1999	-	-	-	-	(5,725,494)	(5,725,494)
Balance, December 31, 1999	<u>20,738,315</u>	<u>\$ 22,738</u>	<u>\$14,165,378</u>	<u>\$ (3,018,600)</u>	<u>\$(11,631,581)</u>	<u>\$ (462,065)</u>

The accompanying notes are an integral part of these financial statements.

**GRG, INC.**  
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 Statements of Cash Flows

	For the Years Ended December 31,		From Inception of the Development Stage on March 19, 1992 Through December 31, 1999
	1999	1998	1999
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net (loss)	\$ (5,725,494)	\$ (5,857,756)	\$ (11,631,581)
Adjustments to reconcile net (loss) to net cash used in operating activities:			
Depreciation and amortization		1,134	1,134
Issuance of stock for services		2,991,000	2,991,000
Issuance of stock for expenses		-	10,000
Stock issued in rescinded acquisitions		485,000	485,000
Allowance for doubtful accounts		125,000	125,000
Loss on disposition of property and equipment		23,749	23,749
Changes in asset and liabilities:			
Decrease in inventory		-	-
(Increase) in other assets		(110)	(110)
Increase (decrease) in accounts payable		21,041	21,041
		(2,210,942)	(2,249,273)
Net Cash (Used) in Operating Activities			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Settlement receivable from supplier		(250,000)	(250,000)
Purchase of fixed assets		(13,424)	(13,424)
		(263,424)	(263,424)
Net Cash (Used) in Investing Activities			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Expenses paid by shareholders		-	18,440
Cash contributed by promoters		1,625,000	1,625,000
Borrowings from related parties		311,711	311,711
Payments to related parties		(308,711)	(308,711)
Issuance of common stock for cash		946,426	966,317
		2,574,426	2,612,757
Net Cash Provided by Financing Activities	\$	\$ 2,574,426	\$ 2,612,757

The accompanying notes are an integral part of these financial statements.

**GRG, INC.**  
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 Statements of Cash Flows (Continued)

	For the Years Ended		From
	December 31,		Inception of the
	1999	1998	Development Stage on March 19, 1992 Through December 31, 1999
NET INCREASE (DECREASE) IN CASH	\$ (57,738)	\$ 100,060	\$ 100,060
CASH AT BEGINNING OF YEAR	<u>100,060</u>	<u>-</u>	<u>-</u>
CASH AT END OF YEAR	<u>\$ 42,322</u>	<u>\$ 100,060</u>	<u>\$ 42,322</u>
CASH PAID FOR:			
Interest expense	\$	\$ -	\$ -
Income taxes	\$	\$ -	\$ -
NON CASH INVESTING AND FINANCING ACTIVITIES:			
Common stock issued for ITD assets	\$	\$ 23,749	\$ 23,749
Common stock issued for acquisition of Teleprizes Division	\$	\$ 95,934	\$ 95,934
Common stock issued for services	\$	\$ 2,991,000	\$ 2,991,000
Common stock issued in rescinded acquisitions	\$	\$ 485,000	\$ 485,000

The accompanying notes are an integral part of these financial statements.

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**NOTE 1 - ACCOUNTING POLICIES AND PROCEDURES**

The Company was originally incorporated as Karat Productions, Inc. under the laws of the State of Nevada on March 19, 1992. The Company changed its name to Ghiglieri Corporation, then Global Resources Group, Inc. in February 1998. The Company has not paid dividends. Dividends that may be paid in the future will depend on the financial requirements of the Company and other relevant factors.

On June 5, 1997, the Company completed a forward stock split of one share for three shares and changed the par value of its common stock from \$0.0005 to \$0.001. This report has been prepared giving effect to the stock split shares from inception.

During 1994, the Company completed a public offering of 2,250,000 (adjusted for) shares and received \$15,391, net of the offering expenses.

At the organization date, the Company had intended to pursue the business of manufacturing jewelry and in that connection the Company purchased an inventory of various types of jewelry to be used in that activity. However, after the death of an officer of the Company the planned activity was abandoned.

The Company has been in the development stage since inception per SFAS No. 7.

The Company's planned principle operations are in the business of building a Pan-American communications network with access to international switching centers in various U.S. cities and points of presence throughout Mexico and the Caribbean.

A summary of the significant policies consistently applied in the preparation of the financial statements follows:

**a. Accounting Method**

The Company's financial statements are prepared using the accrual method of accounting. The Company has adopted a calendar year end.

**b. Basic (Loss) Per Share**

The computation of basic (loss) per share of common stock is based on the weighted average number of shares outstanding at the date of the consolidated financial statements. The following is an illustration of the numerators and denominators of the basic loss per share calculation:

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NOTE 1 - ACCOUNTING POLICIES AND PROCEDURES (Continued)

b. Basic (Loss) Per Share (Continued)

	For the Years Ended December 31,	
	1999	1998
Numerator		
Loss before discontinued operations	\$ (7,194,136)	\$ (5,857,756)
Discontinued operations	(283,238)	-
Weighted average shares outstanding (denominator)	18,938,004	12,269,191
Basic (loss) per share		
Loss before discontinued operations	(0.38)	(0.48)
Discontinued operations	(0.01)	-
	\$ (0.39)	\$ (0.48)

Dilutive loss per share is not presented as there are no potentially dilutive items outstanding.

c. Income Taxes

At December 31, 1999, the Company had a net operating loss carryforward of approximately \$13,400,000 that may be offset against future taxable income through 2019. No tax benefit has been reported in the financial statements, because the Company believes there is a 50% or greater chance the carryforward will expire unused. Accordingly, the potential tax benefits of the loss carryforward are offset by a valuation allowance of the same amount.

d. Cash Equivalents

The Company considers all highly liquid investments and deposits with a maturity of three months or less when purchased to be cash equivalents.

e. Revenue Recognition

The Company records communications services revenue as earned, at the time services are provided. Network capacity sales, if any, are recorded at the time the capacity is provided to the customer.

f. Depreciation

Furniture and fixtures are stated at cost. Depreciation of property and equipment is computed using straight-line and accelerated methods over the estimated useful lives of the related assets, are as follows:

Furniture and fixtures	5 years
------------------------	---------

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NOTE 1 - ACCOUNTING POLICIES AND PROCEDURES (Continued)

g. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

h. Advertising

The Company follows the policy of charging the costs of advertising to expense as incurred.

i. Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed of

Long-lived assets and certain identifiable intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceed the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

j. Change in Accounting Principle

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" which requires companies to record derivatives as assets or liabilities, measured at fair market value. Gains or losses resulting from changes in the values of those derivatives would be accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. The key criterion for hedge accounting is that the hedging relationship must be highly effective in achieving offsetting changes in fair value or cash flows. SFAS No. 133 is effective for all fiscal quarters of fiscal years beginning after June 15, 1999. The adoption of this statement had no material impact on the Company's financial statements.



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**NOTE 2 - COMMITMENTS AND CONTINGENCIES**

In the case of all known contingencies, the Company accrues a charge when the loss is probable and the amount is reasonably estimable. As facts concerning contingencies become known to the Company, we reassess our position both with respect to accrued liabilities and other potential exposures. Estimates that are particularly sensitive to future change include legal matters and regulatory matters. We remain exposed to additional numerous risks, including among others potentially stranded costs, changes in tax laws, inflation, and increased capital costs. Potentially stranded costs include a \$312,707 for equipment purchased but ultimately not used in our final network configuration. In addition, current equipment owned or leased may become uneconomic due to technological changes and purchase commitments for long distance services could be ultimately determined to be above market.

**a. Leases**

The Company leases 3,000 square feet for its operations in St. Petersburg, Florida. Minimum future rentals for the next five years are as follows:

2000	\$	39,565
2001		40,311
2002		-
2003		-
2004		-
		-
Total	\$	79,876

Rent expense for the years ended December 31, 1999 and 1998 was \$38,260 and \$43,920, respectively.

At various dates during 1999, the Company entered into a series of agreements to lease equipment and collocate telecommunications facilities under various terms and conditions, as part of the GRGI network, the Company's international long distance telephone service network. In early 2000, the lessors completed installation of the capital lease equipment underlying those agreements. Payments were not due on these leases until installation was completed. We reflect amounts due under capital leases in our balance sheet as obligations while we reflect our interest in the related assets as property, plant and equipment. The remaining lease commitments are operating leases, and we record payments on such leases as rental expense. As of December 31, 1999, we had estimated minimum commitment payments for payment of rentals under leases which, at inception, had a non-cancelable term of more than one (1) year, as follows:

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NOTE 2 - COMMITMENTS AND CONTINGENCIES (Continued)

<u>Year</u>	<u>Operating Leases</u>	<u>Capital Leases</u>	
		<u>Minimum Lease Payment</u>	<u>Maintenance Fees</u>
2000	\$ 321,562	\$ 612,527	\$ 191,125
2001	192,048	784,452	208,500
2002	192,048	784,452	208,500
2003	102,048	784,452	208,500
2004	102,048	784,452	208,500
After 2004	<u>11,642</u>	<u>171,925</u>	<u>17,375</u>
Totals	<u>\$ 1,101,396</u>	3,922,260	<u>\$ 1,042,500</u>
Amount representing interest		<u>1,388,751</u>	
Present value of total capital lease obligations		<u>\$ 2,533,509</u>	

The present value of the capital leases was not reflected in the attached financial statements since the capital lease obligations did not commence until installation was completed in early 2000.

Rent expense for the years ended December 31, 1999 and 1998 was \$38,260 and \$43,920, respectively.

The terms of the capital leases are as follows:

<u>Nature of Equipment</u>	<u>Interest Rate</u>	<u>Monthly Payment</u>	<u>Term</u>	<u>Amount of Obligations</u>
ATM Equipment	21.9%	\$29,853	5 years	\$1,103,090
Switch Equipment	16.6%	\$35,518	5 years	<u>\$1,430,419</u>
				<u>\$2,533,509</u>

b. Employment Contracts

In October 1999, the Company entered into a three-year agreement with a new Chief Executive Officer. The agreement provides for a base salary of \$150,000, plus benefits and stock options.

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NOTE 2 - COMMITMENTS AND CONTINGENCIES (Continued)

c. Litigation

On August 5, 1999, the Company signed a settlement agreement with Satellite Access Systems, Inc. (SAS) which provided for SAS to pay the Company back the \$250,000 which had been advanced by the Company for unrendered services by December 31, 1999. The Company subsequently collected \$125,000 of the \$250,000. The balance of \$125,000 was reserved due to doubts about its collectability.

d. Carrier Contracts

In January 1999, the Company entered into contracts to purchase transmission capacity from various domestic and foreign carriers, particularly Qwest International, Inc. However, the Company is currently renegotiating those contracts.

e. Purchase Commitments

The Company has entered into an agreement with Qwest, Inc. to terminate traffic from our switch locations in Miami, Los Angeles and New York. The term of this agreement is for three (3) years and the prices are based on prevailing market rates. Management cannot estimate the ultimate amounts which will be purchased under these contracts. In connection with these commitments, the Company deposited \$\_\_\_\_\_ in 1999 for long distance services.

f. Guarantees

In August 1999, the Company entered into a strategic alliance with Value Added Services, Inc. to provide various telecommunications services in Mexico. Under the alliance, each party is liable for half of the joint expenses of the venture. The Company has also effectively guaranteed all obligations of the venture, including rent and long distance transmission costs. We expended \$200,150 for our portion of the joint venture cost under this agreement in 1999. We assess the risk of loss from these guarantees to be minimal.

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NOTE 3 - EQUITY TRANSACTIONS

International Teledata Acquisition

On March 20, 1998, the Company signed a partial liquidation agreement and acquired international telecommunications assets from International Teledata, Inc. (ITD) for 5,224,310 shares of common stock in 1998, in a transaction valued at the predecessor cost of \$23,749 or \$0.00 per share. The transaction was a purchase of certain assets of ITD and not a purchase of the shares of ITD. ITD is still operating as an independent company and is not a subsidiary of the Company. Accordingly, the financial statements of ITD are not presented because the partial liquidation agreement with ITD did not constitute a recapitalization of ITD. Predecessor cost was used because the shareholders of ITD controlled the Company immediately after the transaction. The assets were expensed in 1998 due to doubt about the recoverability of the cost.

Teleprizes

The Company acquired Teleprizes TM for 3,150,000 shares of common stock, with certain marketing rights associated with providing internet scratch off sweepstakes promotions to internet websites to induce traffic. Teleprizes TM was acquired from an affiliated company, Catalyst Communications, Inc, which is controlled by the major shareholders of the Company. The acquisition was accounted for at predecessor cost of \$95,934 or \$0.03 per share because the shares were issued to related parties. That affiliate and related control parties also contributed \$1,625,000 in cash and payment of expenses to the Company.

In June 1999, the Company entered into a joint venture agreement with Real Time Media to market an Internet scratch-and-win sweepstakes product. Subsequently, there arose a dispute between the Company and Real Time Media, Inc. over certain elements of that agreement. The Company has subsequently abandoned the Teleprizes venture and recorded a net loss on investment of \$76,750 as part of its loss on discontinued operations.

Board Services

On December 31, 1998, the Company issued 250,000 shares each under four (4) contracts for board services to each of its directors for consulting and management services in 1998. Those issuances were valued at \$0.99 per share, which approximated the market value and offering price of the Company's shares for cash during 1998.

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NOTE 3 - EQUITY TRANSACTIONS (Continued)

Telecommunications Services

On December 31, 1998, the Company issued 1,200,000 shares of stock to a corporation controlled by an affiliate, for telecommunications services associated with the sale and marketing of the Company's internet sweepstakes products. This contract was valued at \$1.00 per share which was the price for which the Company sold its shares for cash in 1998.

Related Party Transactions

During 1999, the Company issued 806,400 shares to Tampa Bay Financial, Inc. at \$1.88 per share.

During 1999, the Company issued 97,374 shares to individuals in a private placement memorandum at \$2.00 per share.

During 1999, the Company issued 66,667 shares to ASFT, Inc. in a private placement memorandum at \$1.63 per share.

During 1999, the Company issued 26,667 shares to Tampa Bay Financial in a private placement memorandum at \$0.97 per share.

During 1999, the Company issued 480,000 shares to ASFT, Inc. in a private placement memorandum at \$1.31 per share.

During 1999, the Company issued 50,000 shares of common stock to a former officer of the Company in settlement of an employment agreement at \$0.81 per share.

During 1999, the Company issued 66,666 shares of common stock to Tampa Bay Financial, Inc. in a private placement memorandum at \$0.81 per share.

During 1999, the Company issued 66,667 shares of common stock to a director of the Company in a private placement memorandum at \$0.81 per share.

During 1999, the Company issued 107,777 shares of common stock to Tampa Bay Financial for advances and services at \$0.88 per share.

During 1999, the Company issued 37,778 shares of common stock to a director of the Company for debt and services at \$0.88 per share.

During 1999, the Company issued 70,000 shares of common stock to directors of the Company for services at \$0.88 per share.

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NOTE 3 - EQUITY TRANSACTIONS (Continued)

Related Party Transactions (Continued)

During 1998, the Company issued 200,000 shares of common stock under an agreement for administrative services which accrued during 1998 at \$1.00 per share.

During 1999, the Company issued 1,560,000 options to purchase common stock to an officer of the Company as part of an employment agreement, these options were valued at \$1.13 per share.

During 1999, the Company issued 1,560,000 options to purchase common stock to an officer of the Company as part of an employment agreement, these options were valued at \$0.81 per share.

Share issuances were valued at the trading price of the stock on the date of issuance.

Reimbursements

During 1998, the Company reimbursed a shareholder for a \$250,000 expenditure by issuing her 250,000 shares of common stock which were valued at \$1.00 per share.

Merger and Acquisition Services

During 1998, the Company issued 350,000 shares to a company affiliated with one of its directors for services in connection with acquisition made by the Company. These shares were valued at \$1.00 per share.

Rescinded Acquisitions

The Company issued shares in connection with the rescinded acquisition of 3 entities, each of which is discussed below:

- a. Franklin P B Enterprises - On February 23, 1998, the Company entered into contracts to purchase companies with various real estate holdings owned by a common shareholder. The Company advanced cash of \$238,494 and issued 3,150,000 shares of its common stock, of which 2,700,000 shares were canceled. The Company valued the uncanceled shares at \$1.00 per share. The Company expensed the \$653,494 capitalized in this transaction based on its determination that it would be unable to recover the investment and terminated the agreement.

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NOTE 3 - EQUITY TRANSACTIONS (Continued)

Rescinded Acquisitions (Continued)

- b. E-Tel Corporation (E-Tel) - On March 4, 1998, the Company entered into a contract to purchase the common stock of E-Tel for 1,250,000 shares of its common stock. E-Tel was also in the international long distance phone business. The transaction was canceled after the Company's determination that it would be unable to recover its investment. The Company recovered 1,240,000 shares of the stock but expensed the remaining 10,000 shares valued at \$1.00 per share and cash advances made to E-Tel of \$220,750 for a total loss of \$230,750.
- c. Pro Sports Group Corporation (Pro Sports) - On May 14, 1998, the Company purchased Pro Sports for 200,000 shares, valued at \$1.00 per share, as a complement to its marketing operations. When Pro Sports was found to have no value, the Company terminated the acquisition, recovered 175,000 shares and wrote-off the remaining 25,000 shares at \$1.00 per share and cash advances made to Pro Sports of \$142,500, for a total loss of \$167,500.

The unrecovered shares were valued at \$1.00 per share which was the price the Company received in cash for shares issued in 1998.

The cash advances of \$601,744 as well as 485,000 shares valued at \$1.00 per share were expensed for a total write-off of \$1,086,744 for the year ended December 31, 1998.

Shares Issued in 504 Regulation D Offering at \$1.00 Per Share

During 1998, the Company sold 663,956 of its common shares for cash to investors.

During 1999, the Company sold 59,400 of its common shares for cash to investors.

Shares Issued in 504 Regulation D Offering at \$0.75 Per Share

During 1998, the Company sold 376,627 of its common shares to investors for cash.

Shares Issued in 504 Regulation D Offering at \$1.25 Per Share

During 1999, the Company issued 1,016,061 of its common shares for services rendered.

Shares Issued in Private Placement Memorandum

During 1999, the Company issued 766,965 of its common shares in a private placement memorandum. All issuances were valued at the trading price on the date of issuance.

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**NOTE 4 - GOING CONCERN**

The Company's consolidated financial statements are prepared using generally accepted accounting principles applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has incurred substantial losses and minimal revenues from its inception through December 1999. In early 2000, the Company terminated its Teleprizes venture to concentrate and seek recovery from its joint venture partner for damages from nonperformance. The Company has also moved to reduce overhead by eliminating positions and renegotiating supplier agreements. In the past, in the international telecommunications business, the Company has served as an agent for other networks. Management believes that upon completion of our own network described in Note \_\_, Commitments and Contingencies, it will be able to attract and maintain a customer base which should establish sufficient margins to sustain the Company's overhead. Thereafter, the Company intends to seek a merger with a more established operations company.

**NOTE 5 - REGULATORY MATTERS**

The Company is subject to regulation in countries in which it does business. The Company believes that an adverse determination as to the permissibility of the Company's services under the laws and regulations of any such country may have a material adverse short-term effect on its business, particularly in Mexico and the Caribbean. There have been no adverse regulatory findings to date.

**NOTE 6 - RELATED PARTY TRANSACTIONS**

During 1999, the Company issued shares to related parties in the following manner:

Services

During 1998, the Company issued 4 contracts to its directors for 250,000 shares each for board services. Also during 1998, affiliated companies of directors were awarded contracts of 350,000 shares, 200,000 shares and 1,200,000 shares for acquisition services, administrative and consulting services, and telecommunications services, respectively. During March 1998, the Company acquired certain assets from Catalyst Communications, Inc. (Catalyst), a company controlled by its directors, for 3,150,000 shares of common stock. See Note 3 for additional discussion of these transactions.

Borrowings and Contributed Capital

During 1998, Catalyst paid Company expenses of \$267,305 on behalf of the Company all of which was repaid to Catalyst in 1998. Catalyst and its affiliates also donated capital of \$1,625,000 to the Company. The capital was used to fund the cash advances to the rescinded acquisitions, consulting services and other operational expenses. An officer of the Company paid Company expenses of \$44,406 to the Company and was repaid all but \$3,000 in 1998. The \$3,000 was subsequently repaid in 1999.



**GRG, INC.**  
 (dba Global Resources Group, Inc.)  
 (Formerly Ghiglieri Corporation)  
 (A Development Stage Company)  
 Notes to Financial Statements  
 December 31, 1999

**NOTE 7 - LOSS FROM DISCONTINUED OPERATIONS**

During 1999, the Board of Directors of the Company decided to discontinue the Teleprizes TM business that includes the acquisition of marketing rights associated with providing internet scratch off sweepstakes promotions to internet websites to induce traffic. The following is a summary of the loss from discontinued operations:

	<u>For the Years Ended December 31,</u>		From Inception of the Development Stage on March 19, 1992 Through December 31,
	<u>1999</u>	<u>1998</u>	<u>1999</u>
<b>REVENUES</b>			
Sales, net	\$ 30,000	\$ -	\$ 30,000
Cost of sales	<u>64,865</u>	<u>-</u>	<u>64,865</u>
Gross Margin	<u>(34,865)</u>	<u>-</u>	<u>(34,865)</u>
<b>EXPENSE</b>			
General and administrative	152,439	111,508	263,947
Depreciation and amortization	<u>19,184</u>	<u>-</u>	<u>19,184</u>
Total Expenses	<u>171,623</u>	<u>111,508</u>	<u>283,131</u>
(LOSS) FROM OPERATIONS	<u>(206,488)</u>	<u>(111,508)</u>	<u>(317,996)</u>
<b>OTHER EXPENSE</b>			
Loss on contract	<u>76,750</u>	<u>-</u>	<u>76,750</u>
Total Other Expense	<u>76,750</u>	<u>-</u>	<u>76,750</u>
(LOSS) BEFORE INCOME TAXES	(283,238)	(111,508)	(394,746)
INCOME TAX EXPENSE	<u>-</u>	<u>-</u>	<u>-</u>
NET (LOSS)	<u>\$ (283,238)</u>	<u>\$ (111,508)</u>	<u>\$ (394,746)</u>

No income tax benefit has been attributed to the loss from discontinued operations.

**GRG, INC.**  
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NOTE 8 - LONG-TERM DEBT

Long-term debt at December 31, 1999 consisted of the following:

10%, unsecured notes payable, due at various dates in 2000.		\$ 416,000
10%, secured by long distance contracts payable in monthly installments through various dates in 2000 and 2001.		<u>287,484</u>
Total		703,484
Less current maturities		<u>(664,827)</u>
Long-term debt		<u>\$ 38,657</u>

Aggregate maturities required on long-term debt at December 31, 1999 are as follows:

Year	Amount
2000	\$ 664,827
2001	38,657
2002	-
2003	-
2004	-
2005 and thereafter	<u>-</u>
Total	<u>\$ 703,484</u>

# SENIOR EXECUTIVES

## JEFFREY M. GOOD — PRESIDENT AND CHIEF

GRGI: Executive Profiles

Page 3 of 3

Mr. Good brings years of executive level experience in the telecommunications industry with extensive knowledge of communication technologies to the Global Resources management team. He has increased profits with all companies in which he was involved, developed highly successful marketing programs, and has been involved in many business acquisitions and private placements. He has held executive positions with such established telecommunications companies as Telecom\*USA, Bell South, and U.S. West Information Systems.

Mr. Good is 53 years of age. From 1994 to 1996, Mr. Good serves as Director of National Sales for Quintrel Corporation, a software development company specializing in telecommunications applications. In 1996, Mr. Good became the Vice President of Systems Communications, Inc. from 1997 to 1998. Mr. Good, through Plum Creek Communications, Inc. a consulting company he formed, served as a consultant specializing in mergers and acquisitions for International Tele-Data, Inc. Mr. Good joined GRGI as Chief Operating Officer in November 1998 and was promoted to President in October 1999.

## MATTHEW A. VEAL — CHIEF FINANCIAL OFFICER

Mr. Veal is 40 years of age. Mr. Veal, a CPA, is currently CFO for Catalyst and Tampa Bay Financial. From 1997 to 1998 he was Chief Accounting Officer for Kosmas Group International. From 1995 to 1997 he was CFO for Catalyst and from 1994 to 1995 he was CFO for ComCentral Corp. Mr. Veal served on the Boards of Directors of ComCentral and Data 1. Mr. Veal is a graduate of the University of Florida School of Accounting.



Contact Us

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Suite 1600

St. Petersburg, Florida 33701

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**DANIEL W. SCHNEIDER**  
1200 South Honeysuckle Trail  
Sioux Falls, South Dakota 57106  
605-362-5052 email: dan.schneider@cwix.com

## SUMMARY

A high-energy sales management and customer service professional with more than 11 years of experience in all facets of telecommunications. A dependable and creative problem-solver that works to create value in relationships.

## PROFESSIONAL EXPERIENCE

### **ADVANCED COMMUNICATIONS GROUP (formerly Firstel) — Sioux Falls, SD 1998**

#### **Vice President - Operations**

Responsible for a wide range of functions, directed the day to day operation of the business unit.

- Consolidated and comprehensively renegotiated the lead carrier agreements resulting in a 25% decrease in projected third party network costs with first year savings potential of \$3.6M.
- Initiated the reorganization of the overall customer service-order processing function including a major relocation and the implementation of several new systems resulting in the ability to handle a doubling of service orders and customer service inquiries.
- Initiated the process of automating and merging local billing into existing billing system resulting in the timely and accurate billing of our local service customer base and our ability to more thoroughly service these accounts off of one customer service/billing system.

### **MCI TELECOMMUNICATIONS — Minneapolis, MN**

**1991-1998**

#### **Senior Carrier Account Manager/Account Executive**

Progressively increased responsibility for a multi-state territory culminating with six states and in excess of \$40MM in revenue.

- Proactively managed the sales and support cycle for my customers to such an extent that despite a cost disadvantage up to 20% in a highly competitive environment, retained 100% of all accounts during my tenure.
- Actively identified, developed and sold new revenue opportunities resulting in excess of \$175 MM in sales over 8 years with compound annual growth within territory in excess of 25%.
- Successfully recruited, trained and coached a professional staff of six; motivating them to consistently meet and exceed sales goals. There was no turnover in my staff except for several promotions.
- Established and maintained an excellent rapport with the executive management teams (owners) of all of my customers and many other telecommunications companies operating in and around my region.

### **TELECOM USA (acquired by MCI) — Cedar Rapids, IA**

**1987-1991**

#### **Manager**

Sales support for national accounts.

- Initiated all aspects of a new major accounts strategy including product development and the delivery of related sales training on a national basis.
- Worked directly with sales force on all matters of service delivery, compensation and pre and post sale customer issues.

#### **Contracts Administration**

- Managed all aspects of contract administration including development of standardized agreements for Carrier and National Accounts as well as all specialized modifications and customer specific terms and conditions.

## EDUCATION

**B. A., University of Northern Iowa**  
Finance and Economics

**Kevin White**  
29020 Landbridge St  
Wesley Chapel, FL 33543  
Voice: 813-991-4656  
Fax: 813-991-0430

Objective:

Secure a challenging, fast-paced, technical management position with an innovative telecommunications company where I can use my creativeness to help make the company a leader in the industry.

Experience:

- March 1999 to Present- Technisource. Working as a contractor for Siemens Telecommunications. Specializing in programming their latest product, the Fast Feature Platform. This is an AIN device that allows the customer to develop new features for their switch very rapidly. It also turns your whole switch into an IVR platform without losing any port capacity in the switch.
- August 1996 to March 1999- Telecommunications Service Center. Vice President Switching and Network. Responsible for all switch and network functions including training of new switch tech's in proper maintenance of Siemens DCO switch, procuring new carriers, order and turn-up of new circuits including dedicated access and Feature Groups. Working with customers to develop one-of-a-kind services that they could market such as menu-based information services, chat services, and travel card services. Maintained Teleflex Intelinks IVR's and managed the personnel that ran the Teleflex Genius billing system. Worked closely with Teleflex in the design of some of their features such as voicemail. Maintained and trained tech's to maintain the following equipment: Adtran channel banks and CSU/DSU's, Siemens DCO switch with FFP and Inventor system, Cognitronics announcer system, Centigram voicemail system, Teleflex Intelinks and Genius billing system, IBM AS400, Telco Systems channel banks, and desktop PC's. Also proficient in the use of a variety of test equipment including T-Bird and Sage. Performed all managerial duties such as employee evaluations and hiring and firing of employees.
- October 1993 to August 1996- Total World Telecomm. Manager. First 2 years spent putting in the first 5 switches of what eventually became a 10 switch network. Duties included training of new tech's and design and implementation of a multi-switch network and design of a central NOC center in Houston. The last year was spent managing 5 people who were doing the network implementation. Duties included procuring long-haul between the switches and all the major LEC's and working with the LEC's to get Feature Groups installed in all the major LATA's in the 48 states. Also audited carrier and long-haul bills for accuracy. Worked with Teleflex Intelink IVR system and helped them design their callback system.
- November 1990 to October 1993- Siemens (Stromberg-Carlson)-Scat Department. Worked in customer service working with customers on the phone helping them resolve technical issues or problems with their DCO switch. Also went to customer sites periodically to help customers with initial turn-up of their switch.
- July 1989 to September 1990- Federal Telecommunications- Contracting company that did installations for Siemens (Stromberg-Carlson). Installed DCO Switches for Bellsouth. Left this position to take a position with Siemens.

June 1986 to August 1989- Alltelco- Maintained Harris 1200 Switch. Ordered Circuits. Managed autodialer tech. Installed Autodialers.

July 1984 to June 1986- Network One-Metromedia- Autodialer and channel bank installer.

May 1980 to May 1984- United States Navy- E4- Electronics Technician- maintained radar and UHF radio equipment.

Education:

Seminole Community College- Basic College Courses (1 year)

US Navy Basic Electronics and Electricity; ANSPS10 Radar; UHF Radio; Tubes and Transistor Theory.

Jonesboro, AR Vo-Tech Electronics (2-years) High School.

Watterson High School. Jonesboro, AR Graduated 1980

**TITLE SHEET**

**FLORIDA TELECOMMUNICATIONS TARIFF**

This tariff contains the descriptions, regulations, and rates applicable to the furnishing of service and facilities for telecommunications services provided by Global Resources Group, INC. (GRGI), with principal offices at 111 Second Avenue NE, St. Petersburg, FL 33701. This tariff applies for services furnished within the state of Florida. This tariff is on file with the Florida Public Service Commission, and copies may be inspected, during normal business hours, at the Company's principal place of business.

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ISSUED: July 1, 2000  
BY:

EFFECTIVE: \_\_\_\_\_

Linda Gibbons, Manager  
111 Second Avenue NE Suite 1600  
St. Petersburg, FL 33701

**CHECK SHEET**

The sheets listed below, which are inclusive of this tariff, are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date of the bottom of this page

SHEET	REVISION
1	Original
2	Original
3	Original
4	Original
5	Original
6	Original
7	Original
8	Original
9	Original
10	Original
11	Original
12	Original
13	Original
14	Original
15	Original
16	Original
17	Original
18	Original

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**TABLE OF CONTENTS**

Title Sheet.....	1
Check Sheet.....	2
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Symbol Sheet.....	4
Tariff Format Sheets.....	5
Section 1 - Technical Terms and Abbreviations.....	6
Section 2 - Rules and Regulations.....	7
Section 3 - Description of Service.....	12
Section 4 - Rates.....	16

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**SYMBOLS SHEET**

D - Delete Or Discontinue

I - Change Resulting In An Increase To A Customer's Bill

M - Moved From Another Tariff Location

N - New

R - Change Resulting In A Reduction To A Customer's Bill

T - Change in Text Or Regulation But No Change In Rate Or Charge

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**TARIFF FORMAT SHEETS**

**A. Sheet Numbering** - Sheet numbers appear in the upper right corner of the page. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between sheets 14 and 15 would be 14.1.

**B. Sheet Revision Numbers** - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current sheet version on file with the FPSC. For example, the 4th revised Sheet 14 cancels the 3rd revised Sheet 14. Because of various suspension periods, deferrals, etc, the FPSC follows in their tariff approval process, the most current sheet number on file with the Commission is not always the tariff page in effect. Consult the Check Sheet for the sheet currently in effect.

**C. Paragraph Numbering Sequence** - There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:

2.  
2.1.  
2.1.1.  
2.1.1.A.  
2.1.1.A.1.  
2.1.1.A.1.(a).  
2.1.1.A.1.(a).1  
2.1.1.A.1.(a).1.(i)

**D. Check Sheets** - When a tariff filing is made with the FPSC, an updated check sheet accompanies the tariff filing. The check sheet lists the sheets contained in the tariff, with a cross reference to the current revision number. When new pages are added, the check sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (\*). There will be no other symbols used on this page if these are the only changes made to it (i.e., the format, etc. remains the same, just revised revision levels on some pages). The tariff user should refer to the latest check sheet to find out if a particular sheet is the most current on file with the FPSC.

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**SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS**

Access Line	An arrangement which connects the customer's location to the Company's network switching center
Company or Carrier	Global Resources Group, Inc.
Customer	The person, firm, corporation or other entity, which orders service and is responsible for payment of charges due and compliance with the Company's tariff regulations.
Day	From 8:00 AM up to but not including 5:00 PM local time Sunday through Friday.
Dedicated Facility	A transmission circuit which is permanently for the exclusive use of a customer or pair of customers.
Evening	From 5:00 PM up to but not including 11:00 PM local time Sunday through Friday
Holidays	The Company's recognized holidays are New Year's Day, July 4th, Thanksgiving Day, Christmas Day.
Night/Weekend	From 11:00 PM up to but not including 8:00 AM Sunday through Friday, and 8:00 AM Saturday up to but not including 5:00 PM Sunday.
Point of Presence (POP)	Bell-coined term which designates the actual (physical) location of an IXC's facility.

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**SECTION 2 - RULES AND REGULATIONS****2.1 Undertaking of the Company**

The Company's services and facilities are furnished for communications originating at specified points within the state of Florida under terms of this tariff.

The Company installs, operates, and maintains the communications services provided herein in accordance with the terms and conditions set forth under this tariff. It may act as the customer's agent for ordering access connection facilities provided by other carriers or entities when authorized by the customer, to allow connection of a customer's location to the Company's network. The customer shall be responsible for all charges due for such service arrangement.

The Company's services and facilities are provided on a monthly basis unless ordered on a longer-term basis, and are available twenty-four hours per day, seven days per week.

**2.2 Limitations**

- 2.2.1 Service is offered subject to the availability of facilities and provisions of this tariff.
- 2.2.2 The Company reserves the right to discontinue furnishing service, or limit the use of service necessitated by conditions beyond its control: or when the customer is using service in violation of the law or the provisions of this tariff.
- 2.2.3 All facilities provided under this tariff are directly controlled by the Company and the customer may not transfer or assign the use of service or facilities, except with the express written consent of the Company. Such transfer or assignment shall only apply where there is no interruption of the use or location of the service or facilities
- 2.2.4 Prior written permission from the Company is required before any assignment or transfer. All regulations and conditions contained in this tariff shall apply to all such permitted assignees or transferees, as well as all conditions for service.
- 2.2.5 Customers reselling or rebilling services must have a Certificate of Public Convenience and Necessity as an interexchange carrier for the Florida Public Service Commission.

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**SECTION 2 - RULES AND REGULATIONS** continued**2.3 Liabilities of the Company**

- 2.3.1 The Company's liability arising out of mistakes, interruptions, omissions, delays, errors, or defects in the transmission occurring in the course of furnishing service or facilities, and not caused by the negligence of its employees or its agents, in no event shall exceed an amount equivalent to the proportionate charge to the customer for the period during which the aforementioned faults in transmission occur, unless ordered by the Commission.

The Company shall not be liable for any claim or loss, expense or damage (including) indirect, special or consequential damages) for any mistakes, omission, interruptions, delays, errors or defects in any service, facilities, equipment or transmission, if caused by any person or entity other than Company. This limitation specifically applies to actions, omissions or negligence of any other company furnishing a portion of the service. Further, the Company is not liable for any failure of performance due to causes beyond its control, including without limitation civil disorders, fires, floods, labor disputes, and regulations or other actions taken by a government agency with jurisdiction over the Company.

- 2.3.2 The Company shall be indemnified and held harmless by the customer against:
- (A) Claims for libel, slander, or infringement of copyright arising out of the material, data, information, or other content transmitted over the Company's facilities.
  - (B) All other claims arising out of any act or omission of the customer in connection with any service or facility provided by the Company.
- 2.3.3 The Company shall not be liable for any damages, including usage charges that the customer may incur as a result of the unauthorized use of communications equipment. The unauthorized use of communications equipment includes, but is not limited to, the placement of calls from the customer's premises, and the placement of calls through equipment controlled and/or provided by the customer, that are transmitted over the Company's network without the authorization of the customer. The customer shall be fully liable for all such usage charges.

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**SECTION 2 - RULES AND REGULATIONS** continued**2.4 Interruption of Service**

- 2.4.1 Credit allowance for the interruption of service which is not due to The Company's testing or adjusting, negligence or the customer, or to the failure of channels or equipment provided by the customer, are subject to the general liability provisions set forth in 2.3.1 herein. It shall be the customer's obligation to notify the Company immediately of any service interruption for which a credit allowance is desired. Before giving such notice, the customer shall ascertain that the trouble is not being caused by any action or omission by the customer within his control, if any, furnished by the customer and connected to the Company's facilities. No refund or credit will be made for the time that the Company stands ready to repair the service and the subscriber does not provide access to the Company for such restoration work.
- 2.4.2 No credit shall be allowed for an interruption of a continuous duration of less than twenty-four hours after the subscriber notifies the Company.
- 2.4.3 For purposes of credit computation, every month shall be considered to have 720 hours.
- 2.4.4 The customer shall be credited for an interruption of more than twenty-four hours as follows:

Credit Formula:

$$\text{Credit} = A/720 \times B$$

"A" - outage time in hours

"B" - total monthly charge for affected facility

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**SECTION 2 - RULES AND REGULATIONS continued**

**2.5 Disconnection of Service by Carrier**

The Company, upon 5 working days written notice to the customer, may discontinue service or cancel an application for service without incurring any liability for any of the following reasons:

2.5.1 Non-payment of any sum due to carrier for regulated service for more than thirty days beyond the date of rendition of the bill for such service. Restoration of service will be subject to all applicable installation charges.

2.5.1.1 If a customer accumulates more than \$500.00 in delinquent toll free charges, the Company reserves the right not to honor that customer's request for a Resp. Org. change until such charges are paid in full.

2.5.2 A violation of any regulation governing the service under this tariff.

2.5.3 A violation of any law, rule, or regulation of any government authority having jurisdiction over such service.

2.5.4 The company has given the customer notice and has allowed a reasonable time to comply with any rule, or remedy, and deficiency as stated in Rule 25-4.113, F.A.C., Refusal or Discontinuance of Service by Company.

2.5.5 Service may be disconnected without notice for tampering with company equipment, for interfering with service to other customers, or for fraud.

**2.6 Cancellation by Customer**

2.6.1 Cancellation of service by the Customer requires thirty (30) day written notice to be provided to the Company. The notice period begins upon the Company's receipt of cancellation.

2.6.2 If a customer orders services requiring special equipment and/or facilities dedicated to the customer's use and then cancels its order before the service begins, (before a completion of the minimum period mutually agreed upon by the customer and the Company), a charge will be made to the customer for the non-recoverable portions of expenditure or liabilities incurred expressly on behalf of the customer by the Company and not fully reimbursed by installation and monthly charges.

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**SECTION 2 - RULES AND REGULATIONS continued****2.7 Deposits**

The Company does not require a deposit from the customer.

**2.8 Advance Payments**

For customers whom the Company feels an advance payment is necessary, the Company reserves the right to collect an amount not to exceed one (1) month's estimated charges as an advance payment for service. This will be applied against the next month's charges and if necessary a new advance payment will be collected for the next month.

**2.9 Payment and Charges for Services**

- 2.9.1 Charges for service are applied on a recurring and nonrecurring basis. Service is provided and billed on a monthly basis unless the customer and the Company have mutually agreed upon other payment arrangements. Service continues to be provided until disconnection is requested, in writing, by the customer or until canceled by the Company pursuant to this tariff.
- 2.9.2 All charges due by the customer are payable upon receipt of the statement. A payment is considered delinquent thirty (30) days after rendition of the bill. Interest (in the amount of 1.5%) will be applied to any unpaid amount commencing thirty (30) days after the statement date.
- 2.9.3 The customer is responsible for payment of all charges for service furnished to the customer. Charges based on actual usage during a month will be billed monthly in arrears. All fixed month and non-recurring charges for services ordered will be billed monthly in advance.
- 2.9.4 Any objection to billed charges should be promptly reported to the Company. Adjustments to customers' bills shall be made to the extent that records are available and/or circumstances exist which reasonably indicate that such charges are not in accordance with approved rates or that an adjustment may otherwise be appropriate.
- 2.9.5 All state and local taxes (i.e., gross receipts tax, sales tax, municipal utilities tax) are listed as separate line items and are not included in the quoted rates.

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**SECTION 3 - DESCRIPTION OF SERVICE**

3.1 **Timing of Calls**

3.1.1 **Call Times**

The customer's long distance usage charge is based on the actual usage of the Company's network. Usage begins when the connections is established between the calling station and the called station or PBX. A call is terminated when the calling or called party hangs up.

3.1.2 **Billing Increments**

The minimum call duration for billing purposes is 1 minute for a connected call and calls beyond 1 minute are billed in 1-minute increments.

3.1.3 **Per Call Billing Charges**

Billing will be rounded up to the nearest penny for each call.

3.1.4 **Uncompleted Calls**

There shall be no charges for uncompleted calls.

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**SECTION 3 - DESCRIPTION OF SERVICE continued****3.2 Calculation of Distance**

Usage charges for all mileage sensitive products are based on the airline distance between rate centers associated with the originating and terminating points of the call.

The airline mileage between rate centers is determined by applying the formula below to the vertical and horizontal coordinates associated with the rate centers involved. The Company uses the rate centers that are produced by Bell Communications Research in the NPA-NXX V & H Coordinates Tape and Bell's NECA Tariff No. 4.

**FORMULA:**

The square  
root of:

$$\frac{\sqrt{(V_1 - V_2)^2 + (H_1 - H_2)^2}}{10}$$

**3.3 Minimum Call Completion Rate**

A customer can expect a call completion rate (number of calls completed / number of calls attempted) of not less than 90% during peak use periods for all domestic FGD services ("1+" dialing)

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**SECTION 3 - DESCRIPTION OF SERVICE continued****3.4 Service Offerings****3.4.1 Long Distance Service**

Outbound Long Distance service is offered to business customers. The service permits direct dialed outbound calling at a per minute rate. Service is provided from dedicated or shared use access lines. Calls are billed in one minute increments. No monthly recurring charges or minimum monthly billing requirements apply.

**3.4.2 Toll Free (Inbound) Long Distance Service**

Toll Free (Inbound) Long Distance Service is offered to business customers. The service permits inbound toll free calling at a single per minute rate. Service is provided from dedicated or shared use access lines. Calls are billed in six second increments, with six second minimum call duration. No monthly recurring charges apply. A \$10.00 minimum monthly billing requirement applies. Customers whose monthly usage is less than the minimum will be billed the minimum amount.

**3.4.3 Private Line**

The Company offers interstate Private Line Service, which provides dedicated access connection to the customer with the entire usable bandwidth available for their exclusive use. Private Lines are billed at a pre-determined fixed monthly rate.

**3.4.3.A Application of rates**

3.4.3.A.1 Recurring Charges for Private Line Services vary based on the capacity of service and the distance of service. Charges are applied on a circuit basis, per DS0 equivalent. A minimum circuit charge applies which varies by circuit bandwidth

3.4.3.A.2 Nonrecurring charges (NRC) are one-time only charges.

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**SECTION 3 - DESCRIPTION OF SERVICE continued**

**3.4.3 Private Line (cont)**

3.4.3.A.3 All charges incurred by the Company on the customer's behalf from a Local Exchange Carrier, Competitive Local Exchange Provider or Competitive Access Provider will be directly passed on to the customer. Cross-connect charges apply to the Company facilities that are connect by the Company to other carriers or customer interconnect/collocation facility with the same Point of Presence.

3.4.3.A.4 Interconnect charges apply to connections between the Company's suite to another suite in the same building.

3.4.3.A.5 After placing an order, if the customer cancels the order, the Customer must reimburse the Company for all costs incurred to that point.

**3.4.4 Special Service Arrangements**

Special Service Arrangement charges will be based on the estimated cost of furnishing such service including the cost of operating and maintaining such a service, the cost of equipment and material used in providing such a service, the cost of installation including engineering, labor supervision, transportation and the cost of any other specific item associated with the particular Special Service Arrangement request.

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BY:

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**SECTION 4 - RATES**

4.1 **Long Distance Service**

Rate per minute - \$0.25  
Plan is billed in full minute increments.

4.2 **Toll Free (Inbound) Long Distance Service**

Rate per minute - \$0.25  
Plan is billed in six second increments with a six second minimum.

4.3 **Private Line**

	<b>Minimum</b>	<b>Per DS0 Mile</b>	<b>Local Loop</b>	<b>Install</b>
0-100 miles	\$100.00	\$1.25	cost	\$500.00
100+ miles	\$100.00	\$1.00	Cost	\$500.00

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**SECTION 4 - RATES continued****4.5 Determining Applicable Rate in Effect**

For the initial minute, the rate applicable at the start of chargeable time at the calling station applies. For additional minutes, the rate applicable is that rate which is in effect at the calling station when the additional minute(s) begin. That is, if chargeable time begins during the Day Period, the Day Rate applies to the initial minute and to any additional minutes that the call continues during the rate period. If the call continues into a different rate period, the appropriate rates from that period apply to any additional minutes occurring in that rate period. If an additional minute is split between two rate periods, the rate period applicable at the start of the minute applies to the entire minute.

**4.6 Payment of Calls****4.6.1 Late Payment Charges**

A late payment Charge of 1.5% per month will be assessed on all unpaid balances more than thirty days old.

**4.6.2 Return Check Charges**

A return check charge of 5% of the value of the check will be assessed for checks returned for insufficient funds.

**4.7 Special Promotions**

The company may from time to time, offer special promotions to its customers, waiving certain charges. These promotions will be approved by the FPSC with specific starting and ending dates, and be made part of this tariff.

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**SECTION 4 - RATES continued**

**4.8 Special Rates For The Handicapped**

**4.8.1 Directory Assistance**

There shall be no charge for up to fifty calls per billing cycle from lines or trunks serving individuals with disabilities. The Company shall charge the prevailing tariff rates for every call in excess of 50 within a billing cycle.

**4.8.2 Hearing and Speech Impaired Persons**

Intrastate toll message rates for TDD users shall be evening rates for daytime calls and night rates for evening and night calls.

**4.8.3 Telecommunications Relay Service**

For intrastate toll calls received from the relay service, the Company will when billing relay calls discount relay service calls by 50 percent off of the otherwise applicable rate for a voice nonrelay call except that where either the calling or called party indicates that either party is both hearing and visually impaired, the call shall be discounted 60 percent off of the otherwise applicable rate for a voice nonrelay call.

The above discounts apply only to time-sensitive elements of a charge for the call and shall not apply to per call charges such as a credit card surcharge

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