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September 17, 2001

Mr. John Boswick  
Arizona Corporate Commission  
Docket Control  
1200 West Washington Street  
Phoenix, Arizona 85007

RE: Staff's Letter of Sufficiency and Second Set of Data Requests to GLOBCOM, Inc.  
Docket No. T-04016A-01-0379

Dear Sir,

Pursuant to our conversation this morning enclosed please find the following final data from your First Set of Data Requests to GLOBCOM, Inc.:

- 1) An original and 10 copies of the Answers to 2nd data request
- 2) An original and 10 copies of the financials for Globcom, Inc. dated 8/31/01. Included are the balance sheet, income statement and bank reconciliation.
- 3) An original and 10 copies of revised tariff page number 34.

Sincerely yours,

Joseph Isaacs, Consultants to Globcom, Inc.

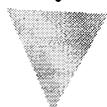
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Arizona Corporation Commission

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AZ CORP COMMISSION  
DOCUMENT CONTROL

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Suite 1200  
Palm Harbor, Florida  
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October 16, 2001

RESPONSES TO STAFF'S SECOND SET OF DATA REQUESTS  
TO GLOBCOM, INC. DOCKET NO. T-04016A-01-0379

BEFORE THE  
ARIZONA CORPORATION COMMISSION

In the Matter of the Application of )  
GLOBCOM, Inc. for a )  
Certificate of Convenience and Necessity to )Docket No. T-04016A-01-0379  
Provide Intrastate Interexchange Service )  
and Competitive Local Exchange Service )  
Throughout the State of Arizona. )

Applicant desires to only be certified as a reseller of long distance and local exchange services. Applicant **no** longer wishes to be certified as a facility based carrier of either long distance or local exchange services. As a result of this decision the Applicant submits a revised tariff with the issue date of August 31, 2001 to reflect this change.

In order for Staff to continue with its review of this application, the following information must be submitted:

1. You indicated in Staff's First Data Request that you want to provide the following telecommunications services:

Resold long distance services (answer items 1 - 14 and items 15 - 18)  
 Resold local exchange services (answer items 1 - 14 and items 19 - 24)

2. You indicated that the Applicant is:

A foreign corporation, please indicate type:  "S"  "C"  Non-profit

3. Your Articles of Incorporation state that GLOBCOM, Inc. was incorporated in Illinois on 12-13-95. On May 4, 2001, you file an application for a CC&N to provide telecommunications services in Arizona under the name of GLOBCOM, Inc. Requests for GLOBCOM, Inc. financial statements are returned under the name of Globcom Telecommunications, Inc. (an S corporation). Please explain this discrepancy in the name and address the following requests.

**ANSWER: GLOBCOM's CPA had been using the name Globcom Telecommunications, Inc. on it's financial statements. They are the same entity and that name is merely for accounting purposes. We request that you use these financial statements as the only true financials for Globcom, Inc. In addition we have requested the CPA change the name and provide financials for the year 2001 reflecting the new name. I have attached these financial statements for the period of 1/1/01 through 8/31/01 for your review. These include Profit and Loss Statements, Balance Sheets, etc, marked Exhibit "C".**

October 16, 2001

RESPONSES TO STAFF'S SECOND SET OF DATA REQUESTS  
TO GLOBCOM, INC. DOCKET NO. T-04016A-01-0379

Please indicate if your Company (GLOBCOM, Inc.) has financial statements for the two most recent years.

**ANSWER: Please use the previously submitted statements as well as the new attached statements, market Exhibit "C".**

If "no", explain why and give the date your Company (GLOBCOM, Inc.) began operations.

4. If applicable, based on Item 3 above, please provide financial information for (GLOBCOM, Inc.) as Attachment "C".

**ANSWER: Please use the previously submitted statements as well as the new attached statements, market Exhibit "C".**

Provide us with a copy of your Company's (GLOBCOM, Inc.) balance sheet in Attachment "C".

**ANSWER: Please use the previously submitted statements as well as the new attached statements, market Exhibit "C".**

Provide us with a copy of your Company's (GLOBCOM, Inc.) income statement in Attachment "C".

**ANSWER: Please use the previously submitted statements as well as the new attached statements, market Exhibit "C".**

Provide us with a copy of your Company's (GLOBCOM, Inc.) audit report (if audited) in Attachment "C".

**ANSWER: Please use the previously submitted statements as well as the new attached statements, market Exhibit "C".**

Provide all related notes to these financial statements for the two most recent years that your Company (GLOBCOM, Inc.) has been in business in Attachment "C".

**ANSWER: Please use the previously submitted statements as well as the new attached statements, market Exhibit "C".**

5. If applicable, based on Item 3 above, please provide your Company's (GLOBCOM, Inc.) retained earnings account information on the balance sheet or on a separate sheet in Attachment "C".

**ANSWER: Please use the previously submitted statements as well as the new attached statements, market Exhibit "C".**

October 16, 2001

RESPONSES TO STAFF'S SECOND SET OF DATA REQUESTS  
TO GLOBCOM, INC. DOCKET NO. T-04016A-01-0379

You need to revise tariff Section 2.3.2 C. Original Sheet No. 34 to capture actual language used for deposits as revealed in A.A.C. R14-2-503 (B). This will address Item 12 in Staff's First Data Request, which is as follows:

Please indicate if your customers will be required (or have the option) to pay advances, prepayments, or deposits for any of your products or services.

**Answer: Applicant reserves the right to impose deposit obligations, pursuant to Arizona Administrative Code § R14-2-503 (B), if Applicant determines that a customer may impose a credit risk on Applicant. Please see response to question 7, part 4, above. Applicant does not propose to provide prepaid calling card services. Please see revised tariff sheet No. 34 which explains the deposit rules and regulations.**

If "yes", provide an explanation of how and when these customer advances, prepayments, or deposits will be applied or reference the terms and conditions section of your Company's tariffs (by reference to page number(s)) with this explanation. If this information is not explained in the tariff, provide it on a separate sheet.

If "no",

*(Note: Commission considers prepaid calling cards de facto prepayments.)*

If at a later date, your Company decides it wants to offer or require customer advances, prepayments, or deposits, it may be required to submit updated financial statements as part of the tariff amendment process.

6. You need to select either Option 1 or Option 2. This will address Item 14 in Staff's First Data Request, which is as follows:

Based on the review of the financial information submitted, Staff will determine whether or not the Applicant lacks sufficient financial resources.

**ANSWER: If staff determines that Globcom, Inc., lacks sufficient financial resources, then applicant will provide the necessary performance bond in the amount of \$10,000 prior to sale of services in Arizona.**

If Staff determines the Applicant lacks sufficient financial resources, the Applicant must do one of the following:

1. Staff recommends that the Applicant procure a performance bond equal to \$10,000. The minimum bond amount of \$10,000 should be increased if at any time it would be insufficient to cover prepayments or deposits collected from the Applicant's customers. Staff further recommends that proof of the above mentioned performance bond be docketed within 90 days of the effective date of an order in this matter or 30 days prior to the provision of service, which ever comes first. If the Applicant is

October 16, 2001

RESPONSES TO STAFF'S SECOND SET OF DATA REQUESTS  
TO GLOBCOM, INC. DOCKET NO. T-04016A-01-0379

currently providing service, then please docket the performance bond within 71 days of the date of this letter.

*(Note: The minimum bond amount for each type of telecommunication services is as follows: resold long distance \$10,000; resold local exchange \$25,000; facilities-based long distance \$100,000; and facilities-based local exchange, including access service, \$100,000. The amount of performance bond for multiple services is an aggregate of the minimum bond amount for each type of telecommunications services requested by the Applicant.)*

**OR**

2. The Applicant must file a letter stating that it does not currently, and will not in the future, charge its customers for any prepayments, advances, or deposits. If the Applicant is currently collecting prepayments, advances, or deposits, the Applicant must refund those charges to customers to avoid maintaining the above mentioned performance bond. If in the future, the Applicant desires to charge prepayments, advances, or deposits, it must file information with the Commission that demonstrates the Applicant's financial viability. Staff will review the information and forward its recommendation to the Commission for a Decision.
  
7. You indicated that Company is not reselling local exchange telecommunications services in Arizona. Please complete part of Item 19 in Staff's First Data Request, which is as follows:

**ANSWER: Applicant currently is not reselling any local exchange services in Arizona and will not until certification is approved. At the time that certification is granted, applicant will be reselling the local exchange services of Qwest.**

If "no", please indicate the date when your Company plans to begin reselling local exchange telecommunications services in Arizona.

8. You indicated that your Company is a switchless reseller of local exchange telecommunications services. Please complete part of Item 22 in Staff's First Data Request, which is as follows:

If "yes", provide the name of the company or companies whose local exchange telecommunications services you resell.

**ANSWER: SEE ANSWER TO PREVIOUS QUESTION**

You indicated that your Company is not selling facilities-based long distance telecommunications services in Arizona. At this time, you indicated that you are only interested in providing resold telecommunications services. This item (Item 25 in Staff's First Data Request) does not need to be answered.

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Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.3 PAYMENT FOR SERVICES RENDERED

2.3.1 Responsibility for All Charges

Any applicant for facilities or service may be required to sign an application form requesting the Company to furnish the facilities or service in accordance with the rates, charges, rules and regulations from time to time in force and effect. The customer is responsible for all local and toll calls originating from the customer's premises and for all calls charged to the customer's line where any person answering the customer's line agrees to accept such charge.

2.3.2 Deposits

Company may require a deposit from an applicant for new service in accordance with Arizona Administrative Code §R14-2-503(B). A deposit may be waived if, according to Company's assessment, the applicant is a satisfactory credit risk. All deposits will be based on the following:

- A. An applicant for business service may be required to pay an amount not to exceed two and one half times ( $2 \frac{1}{2}$ ) the applicant's estimated monthly billing, based upon the average monthly bill for that class and type of service. Nonresidential customer deposits shall not exceed 2 times that customer's estimated maximum monthly bill.
- B. An applicant for residential service may be required to pay an amount not to exceed two (2) months of the applicant's estimated monthly billing, based upon the average monthly bill for that class and type of service.
- C. A business service Customer may be required to pay an amount not to exceed two and a half times ( $2 \frac{1}{2}$ ), based upon the Customer's average monthly billing for the past six (6) months. If the Customer has had service for less than six (6) months, the amount of the deposit will not exceed two and a half times ( $2 \frac{1}{2}$ ), of the estimated monthly billing for that class and type of service.

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Issued:

Effective:

Issued By:

Glen Kofman, President  
GLOBCOM, INC.  
950 Milwaukee Avenue, Suite 215  
Glenview, Illinois 60025 61615

Dennen & Simons L.L.C.  
6300 N. River Rd. Suite 602  
Rosemont, Illinois 60018  
847-518-8977

GLOBCOM INCORPORATED  
SUITE 215  
950 MILWAUKEE AVE.  
GLENVIEW,, IL 60025-3771

To the Owners/Partners/Shareholders of GLOBCOM INCORPORATED

We have compiled the accompanying statement of assets and liabilities-income tax basis of GLOBCOM INCORPORATED as of August 31, 2001 and the related statements of revenues and expenses - income tax basis and changes in capital - income tax basis for the 8 Months Ended August 31, 2001 by the standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting, in the form of financial statements, information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial condition. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Dennen & Simons L.L.C.

Oct. 12, 2001

GLOBCOM INCORPORATED  
Balance Sheet  
As of August 31, 2001

7515 12-31

ACCT DESCRIPTION

## ASSETS

## CURRENT ASSETS

103	Citibank	\$168,587.49	
104	Devon Bank	1,754.45	
105	Bank of Arizoza	517,307.63	
105.10	Bank of Arizona-MM Acct	118,605.95	
106	Accounts Receivable	1,814,456.15	
<b>TOTAL CURRENT ASSETS</b>			<b>\$2,620,711.67</b>

## FIXED ASSETS

146	Fixtures & Equipment	\$23,627.29	
148	Transportation Equipment	4,875.00	
	Accumulated Depreciation	(18,613.82)	
<b>TOTAL FIXED ASSETS</b>			<b>9,888.47</b>

<b>TOTAL ASSETS</b>		<b>\$2,630,600.14</b>
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## LIABILITIES

## CURRENT LIABILITIES

205	Accounts Payable	\$1,054,939.12	
235	Accrued Unemployment Tax	(683.77)	
<b>TOTAL CURRENT LIABILITIES</b>			<b>\$1,054,255.35</b>

## LONG TERM LIABILITIES

263	Due Officers	\$10,327.87	
<b>TOTAL LONG TERM LIAB.</b>			<b>10,327.87</b>

<b>TOTAL LIABILITIES</b>		<b>1,064,583.22</b>
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## EQUITY

281	Issued Capital Stock	\$1,000.00	
282	Paid In Capital	11,236.00	
287	Accumulated Adjustments	1,198,257.13	
290	Distributions of AAA	(192,627.24)	
	Net Income	548,151.03	
<b>TOTAL EQUITY</b>			<b>1,566,016.92</b>

<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$2,630,600.14</b>
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**GLOBCOM INCORPORATED**  
Income Statement

ACCT	DESCRIPTION	1 Month Ended		8 Months Ended	
		Aug. 31, 2001	Pct	Aug. 31, 2001	Pct
<b>SALES</b>					
301	Sales	\$ 1,765,480.09	100.00	\$12,523,287.45	100.37
395	A/R Adjustments	0.00	0.00	(46,553.01)	(0.37)
<b>TOTAL SALES</b>		<u>\$ 1,765,480.09</u>	<u>100.00</u>	<u>\$12,476,734.44</u>	<u>100.00</u>
<b>COST OF GOODS SOLD</b>					
405	Airtime	\$ 1,476,878.85	83.65	\$ 9,791,590.70	78.48
<b>TOTAL COST OF GOODS SOLD</b>		<u>\$ 1,476,878.85</u>	<u>83.65</u>	<u>\$ 9,791,590.70</u>	<u>78.48</u>
<b>GROSS PROFIT</b>		<u>288,601.24</u>	<u>16.35</u>	<u>2,685,143.74</u>	<u>21.52</u>
<b>OPERATING EXPENSES</b>					
505	Internet	336.35	0.02	1,731.33	0.01
509	Outside Services	9,431.01	0.53	115,286.58	0.92
510	Operating Supplies	0.00	0.00	57,730.34	0.46
512	Freight & Postage	32,127.43	1.82	93,136.34	0.75
515	Gross Wages	15,736.75	0.89	144,548.01	1.16
516	Officers Salaries	60,000.00	3.40	280,000.00	2.24
520	Rent	2,707.00	0.15	21,011.86	0.17
521	Equipment Rental	2,052.70	0.12	23,730.87	0.19
526	Utilities	0.00	0.00	2,370.01	0.02
529	Telephone	960.45	0.05	20,167.75	0.16
534	Advertising & Promot	0.00	0.00	30,300.00	0.24
535	Insurance	0.00	0.00	47,878.30	0.38
538	Travel	0.00	0.00	12,350.79	0.10
539	Entertainment	0.00	0.00	11,290.97	0.09
542	FICA Tax	2,073.89	0.12	16,568.84	0.13
543	Unemployment Tax	48.56	0.00	1,528.52	0.01
548	Permits & Licenses	100.00	0.01	1,024.57	0.01
552	Vehicle Expense	542.58	0.03	6,421.22	0.05
556	Commissions	167,182.28	9.47	1,121,675.41	8.99
564	Legal & Accounting	473.00	0.03	21,650.74	0.17
565	Professional Fees	0.00	0.00	61,000.00	0.49
566	Office Expense	5,415.50	0.31	40,679.73	0.33
567	Bank Charges	3,229.58	0.18	5,275.48	0.04
568	Credit Card Fees	177.80	0.01	1,138.75	0.01
570	Payroll Fees	139.40	0.01	1,170.54	0.01
580	Dues & Subscriptions	16.00	0.00	422.50	0.00
<b>TOTAL OPERATING EXPENSES</b>		<u>\$ 302,750.28</u>	<u>17.15</u>	<u>\$ 2,140,089.45</u>	<u>17.15</u>
<b>OPERATING INCOME</b>		<u>(14,149.04)</u>	<u>(0.80)</u>	<u>545,054.29</u>	<u>4.37</u>
<b>OTHER INCOME</b>					
901	Interest Income	0.00	0.00	3,096.74	0.02
<b>TOTAL OTHER INCOME</b>		<u>\$ 0.00</u>	<u>0.00</u>	<u>\$ 3,096.74</u>	<u>0.02</u>
<b>NET INCOME</b>		<u>\$ (14,149.04)</u>	<u>(0.80)</u>	<u>\$ 548,151.03</u>	<u>4.39</u>

GLOBCOM INCORPORATED  
 SUITE 215  
 GLENVIEW,, IL 60025-3771

10/12/01 3:18 pm

Bank Reconciliation  
 Worksheet  
 as of 8/31/01

Page 1

Bank Name	Bank Account Number	G/L Acct. Number
BANK OF ARIZONA	6003701045	105

## CHECKBOOK ADJUSTMENT

Your checkbook balance at the end of the month should be: 517,307.63

## GENERAL LEDGER

Balance per General Ledger at 8/01/01	970,164.55
Activity for the month:	
Total Debits (Deposits and Credit Memos)	+ 1,347,232.45
Total Credits (Checks and Debit Memos)	+ -1,708,450.78
Unreconciled General Ledger Balance at 8/31/01	<u>608,946.22</u>
Adjustments and Other Bank Items	+ <u>-91,638.59</u>
Reconciled General Ledger Balance at 8/31/01	<u>517,307.63</u>

## BANK

Balance per Bank Statement at 8/31/01	638,711.68
Total Additions (Deposits and Credit Memos in Transit)	+ 0.00
Total Subtractions (Outstanding Checks and Debit Memos)	+ -121,404.05
Adjustments	+ <u>0.00</u>
Bank Balance adjusted at 8/31/01	<u>517,307.63</u>