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September 11, 2008

Via Federal Express

Arizona Corporation Commission
Docket Control
1200 W. Washington Street
Phoenix, AZ 85007-2927

**Re: Docket Nos. T-20517A-07-0135 and T-04045A-07-0135,
Joint Application of STi Prepaid, LLC and Dialaround Enterprises Inc.
Response to Seventh Data Request**

Dear Sir or Madam:

STi Prepaid, LLC ("STi Prepaid"), by its attorneys, provides an original and fourteen (14) copies of its response and one (1) CD-ROM containing documents responsive to Staff's Seventh Data Request in the above-referenced docket. Please date stamp the enclosed copy of this response and return it in the self-addressed, postage pre-paid envelope. If you have any questions concerning this matter, please contact the undersigned.

Respectfully submitted,

Chérie R. Kiser

Counsel for STi Prepaid, LLC

Enclosures

cc: Kevin Torrey
John Bostwick (via electronic mail)

DOCKET CONTROL

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Arizona Corporation Commission
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**RESPONSE TO STAFF'S SEVENTH SET OF DATA REQUESTS TO
STi PREPAID, LLC
DOCKET NOS. T-20517A-07-0135 and T-04045A-07-0135**

STi Prepaid, LLC ("STi Prepaid"), hereby responds to Staff's Seventh Set of Data Requests issued in the above-referenced dockets. STi Prepaid's responses to these Data Requests are based on the best information presently available. STi Prepaid reserves the right to amend, supplement, correct, or clarify any response provided herein if other or additional information is obtained. STi Prepaid has listed each interrogatory and response on the same sheet of paper, using a separate sheet for each interrogatory number, and has identified the respondent to each question. STi Prepaid's responses are as follows:

RESPONSE TO STAFF'S SEVENTH SET OF DATA REQUESTS TO
STi PREPAID, LLC
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JFB7-1. Please provide all of the official court documentation regarding the phone cards law suit in Florida by Florida Attorney General Bill McCollum. Make sure the documentation includes the actual complaint, response, and any briefs in the matter, as well as any final judgment or settlement agreement. Also, make sure your documentation reveals the number of complaints and deceptive advertising practices filed against STi Prepaid, LLC and its affiliates. Please indicate the amount of reimbursement STi Prepaid, LLC and its affiliates must pay and have paid to the Attorney General. Identify all requirements STi Prepaid, LLC and its affiliates must execute to comply with the settlement in Florida.

STi Prepaid

Response: Please see the enclosed CD-ROM, which contains publicly available documents with respect to the Assurance of Voluntary Compliance entered into with the Office of the Attorney General for the State of Florida, Department of Legal Affairs in Case No. L07-3-1087, entitled *In the Matter of STi Prepaid, LLC d/b/a STi, a Delaware Limited Liability Company*.

Respondent: Richard Rebeti
Chief Operating Officer, STi Prepaid, LLC
1250 Broadway, 26th Floor
New York, NY 10001
212-660-2714 (telephone)
Richard.Rebeti@stiprepaid.com

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JFB7-2. Please provide all of the official court documentation regarding Alain Spira v. CVT Prepaid Solutions, Inc. *et al* filed on February 28, 2008, in New York Southern District Court. STi Prepaid, LLC and its affiliates are named Defendants in Case No. 1:2008cv01998. Make sure you provide the actual complaint, response, and any briefs in the matter as well as any final judgment or settlement agreement.

STi Prepaid

Response: Please see the enclosed CD-ROM, which contains publicly available documents with respect to *Spira v. CVT Prepaid Solutions, Inc. et al.* filed in the United States District Court for the Southern District of New York.

Respondent: Richard Rebeti
Chief Operating Officer, STi Prepaid, LLC
1250 Broadway, 26th Floor
New York, NY 10001
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Richard.Rebeti@stiprepaid.com

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JFB7-3. Please provide all of the official court documentation regarding Orlando S. Ramirez v. STi Prepaid, L.L.C. *et al* filed on April 4, 2008, in New Jersey District Court. STi Prepaid, L.L.C. and its affiliates are named Defendants in Case No. 2:2008cv01735. Make sure the documentation includes the actual complaint, response, and any briefs in the matter, as well as any final judgment or settlement agreement.

STi Prepaid

Response: Please see the enclosed CD-ROM, which contains publicly available documents with respect to *Ramirez v. STi Prepaid, LLC et al.* filed in the United States District Court for the District of New Jersey.

Respondent: Richard Rebeti
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Richard.Rebeti@stiprepaid.com

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JFB7-4. Please indicate if you will comply with the Commission's Slamming/Cramming Rules A.C.C. Rule R14-2-1901 through R14-2-1913.

- a. If yes, please provide documentation that customers have approved changes in providers and/or changes in services.**
- b. If no, please explain the reason(s) the Slamming/Cramming Rules do not apply to your Application.**

STi Prepaid

Response:

As explained in the cover letter to STi Prepaid's Application and in STi Prepaid's Response to JBF 3-2 and JBF 3-6, customer notification of the transaction and compliance with the slamming/cramming rules is unnecessary and would be impossible. Dialaround Enterprises Inc.'s services can be used by any person at any time. Dialaround has no relationship with the person making the telephone call and does not know the identity of the Arizona consumers that may use its services. The Federal Communications Commission ("FCC") has determined that dial-around service providers "do not have established business relationships" with the users of their services. *See Rules and Regulations Implementing Minimum Customer Account Record Exchange Obligations on All Local and Interexchange Carriers*, 19 FCC Rcd 5688, ¶ 19 (2004). Based on the types of services at issue, neither the FCC nor any other state has required STi Prepaid and Dialaround to give customer notification or comply with state or federal slamming/cramming rules as part of the transaction.

Respondent: Richard Rebetti
Chief Operating Officer, STi Prepaid, LLC
1250 Broadway, 26th Floor
New York, NY 10001
212-660-2714 (telephone)
Richard.Rebetti@stiprepaid.com

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JFB7-5. Has STi Prepaid, LLC and/or any of its affiliates ever sold phone cards in Arizona under the name STi Card Arizona d/b/a/ STi Phone Card d/b/a Telco Group? If so, please explain the circumstances under which the phone cards were sold to customers in Arizona.

STi Prepaid

Response: No. STi Prepaid, LLC and its affiliates have not previously sold prepaid calling cards in Arizona. Telco Group, Inc. did issue a promotional card with the label "STi Card Arizona." That card was for international services. As part of this promotion, 1000 cards were distributed. Telco Group, Inc. is not affiliated with STi Prepaid; however, STi Prepaid has purchased the assets of Telco Group, Inc. and its affiliate Dialaround Enterprises Inc.

Respondent: Jim Moran
VP Sales Operation, STi Prepaid, LLC
1250 Broadway, 26th Floor
New York, NY 10001
212-660-2700 (telephone)
Jim.Moran@stiprepaid.com

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JFB7-6. Has STi Prepaid, LLC and/or any of its affiliates sold phone cards in Arizona? If so, indicate the number of phone cards that have been sold each year from 2005 through 2007 to customers in Arizona and the number of phone cards that have been sold to customers in Arizona from January 1, 2008 through July 31, 2008.

STi Prepaid

Response: No, STi Prepaid, LLC and/or any of its affiliates have not sold phone cards in Arizona. STi Prepaid, LLC did distribute a promotional card July 20, 2008 for interstate and international calling services. As part of this promotion, 600 interstate/international cards were distributed with the logo "Chulita Arizona."

Respondent: Jim Moran
VP Sales Operation, STi Prepaid, LLC
1250 Broadway, 26th Floor
New York, NY 10001
212-660-2700 (telephone)
Jim.Moran@stiprepaid.com

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JFB7-7. Has Dialaround Enterprises Inc. and/or any of its affiliates sold phone cards in Arizona? If so, indicate the number of phone cards that have been sold each year from 2005 through 2007 to customers in Arizona and the number of phone cards that have been sold to customers in Arizona from January 1, 2008 through July 31, 2008.

STi Prepaid

Response: No. Dialaround Enterprises Inc. has not previously provided prepaid calling card services in Arizona.

Respondent: Richard Rebetti
Chief Operating Officer, STi Prepaid, LLC
1250 Broadway, 26th Floor
New York, NY 10001
212-660-2714 (telephone)
Richard.Rebetti@stiprepaid.com

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JFB7-8. In your response to JFB6-2 you state that STi Prepaid's net income and assets reported in response to JFB4-4 was incorrect. Also, in your response to JFB6-2, you identify new numbers for STi Prepaid's net income and assets and state "...the correct numbers are reflected in the financial information provided under seal to Kevin Torrey and set forth below..." The "Equity/Deficit" figure you provided 'below' did not agree with "Total common shareholders' equity" figure captured on the Balance Sheet yellow paper stamped "CONFIDENTIAL" that was sent under seal to Kevin Torrey. In addition, no financial information was provided for the year ending 2006. Please provide audited financial statements for the year ending 2007 and the year ending 2006. The financial statements needed are listed in (B-2) on the Application form.

STi Prepaid

Response: As explained in STi Prepaid's response to JBF 1-11, JFB 1-12 and JFB 4-4, STi Prepaid does not have financials for the year ending 2006. STi Prepaid was formed in December 2006. A revised portion of STi Prepaid's confidential balance sheet has been provided to Kevin Torrey. The Balance Sheet contained an inaccurate total. The Equity/Deficit figure should now match the figures shown on the Balance Sheet.

Respondent: Thomas D'Aurio
Chief Operating Officer, STi Prepaid, LLC
1250 Broadway, 26th Floor
New York, NY 10001
212-660-2714 (telephone)
Thomas.D'Aurio@stiprepaid.com

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JFB7-9. Based on Staff's recent review, Staff believes that STi Prepaid, LLC is authorized to provide resold interexchange telecommunications services in states (i.e. Alaska, California, Illinois, Kentucky, Maryland, Minnesota, Nebraska, and South Carolina) other than those listed in STi Prepaid's response to JFB1-9. Please verify whether STi Prepaid, LLC is currently authorized to provide resold interexchange telecommunications services in Alaska, California, Illinois, Kentucky, Maryland, Minnesota, Nebraska, and South Carolina. If so, please explain the circumstances under which this was not disclosed in response to Staff's previous data requests. Please identify all of the states STi Prepaid, LLC is currently authorized to provide resold interexchange telecommunications services.

STi Prepaid

Response: STi Prepaid's certification status in other states was disclosed in response to Staff's previous data requests. As indicated in STi Prepaid's Application (A-18 and A-19) and STi Prepaid's response to JFB 1-9, STi Prepaid was in the process of obtaining authority in all 50 states when it filed its Application with the Arizona Corporation Commission on March 1, 2007 and when it filed its response to JFB 1-9 in May 2007. STi Prepaid listed the states in which it was authorized as of the date of its response to JFB 1-9. Today, STi Prepaid is currently authorized to provide intrastate interexchange telecommunications services in 49 states. The State of Arizona is the only state that has not granted STi Prepaid authority to provide telecommunications services.

Respondent: Richard Rebeti
Chief Operating Officer, STi Prepaid, LLC
1250 Broadway, 26th Floor
New York, NY 10001
212-660-2714 (telephone)
Richard.Rebeti@stiprepaid.com

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JFB7-10. Has STi Prepaid, LLC and/or any of its affiliated companies been involved in any compliant matters similar to the matter filed by the Florida Attorney General's Office, whether from a regulatory agency or from a private individual or individuals? If so, please provide all complaint documentation, to include the complaint itself, the response, any briefs, and any judgments or settlement agreements.

STi Prepaid

Response: Please see the enclosed CD-ROM, which contains publicly available documents with respect to the following: (1) *Adighibe* case in the United States District Court for the District of the Eastern District of New York; (2) *Soto* case in the Superior Court of California, San Diego County; (3) *IDT Telecom* case in the United States District court for the District of New Jersey; (4) *IDT Telecom* case in the Supreme Court of the State of New York, New York County; (5) the Office of the Attorney General for the State of New York, Department of Law's Subpoena Duces Tecum issued upon STi Prepaid, LLC on August 23, 2007; and (6) the Office of the Attorney General for the State of Illinois, Consumer Fraud Bureau's Subpoena Duces Tecum issued upon STi Prepaid, LLC on April 16, 2008.

Respondent: Richard Rebetti
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1250 Broadway, 26th Floor
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212-660-2714 (telephone)
Richard.Rebetti@stiprepaid.com

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JFB7-11. Are all of your responses to the Application and/or Staff's sets of data requests accurate and reflect current conditions? If not, please identify all of the changes and/or updates you want to make to your responses to the Application and/or Staff's sets of data requests.

STi Prepaid

Response: Application A-2: STi Prepaid has moved to a new office location. The new contact information is:
1250 Broadway, 26th Floor
New York, NY 10001
(212) 660-2724 (telephone)
(212) 660-2701 (facsimile)

Application A-5: STi Prepaid's attorney has moved to a new office location. The new contact information is:
Chérie R. Kiser
Cahill Gordon & Reindel LLP
1990 K Street, NW
Suite 950
Washington, DC 20006
(202) 862-8900 (telephone)
(202) 862-8958 (facsimile)

Application A-6: STi Prepaid's complaint contact person's information has changed. The new contact information is:
Patricia Newbold
1250 Broadway, 26th Floor
New York, NY 10001
(212) 660-2788 (telephone)
(212) 660-2706 (facsimile)
patricia.newbold@stiprepaid.com

Application – Officers and Directors: STi Prepaid's officers and directors have changed. The new information is:

Executives of STi Prepaid, LLC
Richard Rebeti, Chief Operations Officer
Thomas D'Aurio, Chief Financial Officer
James Continenza, President

Board Members – remove Jeff Storey

Otherwise, all responses are accurate and reflect current conditions.

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