

ORIGINAL

NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION

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Joint Application of STI Prepaid, LLC and Vivaro Corporation for Expedited Approval to Encumber Assets

Docket No.: T-20517A-10-0426

JOINT APPLICATION FOR EXPEDITED APPROVAL TO ENCUMBER ASSETS

STi Prepaid, LLC ("STi") and Vivaro Corporation ("Vivaro") (jointly, the "Applicants") submit this Joint Application to request expedited approval, pursuant to A.R.S. § 40-285 and to the extent necessary, to encumber STi's assets in connection with a transfer of control as financed through indebtedness payable over a period of 27 months. Applicants are not Class A Utilities, and therefore, are not subject to the approval requirements of the Affiliated Interest Rules, ACC R14-2-801 *et. seq.* In addition, because the STi is a "foreign public service corporation" whose "physical facilities are also used in providing communications services in interstate commerce," approval under A.R.S. § 40-301(D) is not needed. STi has no physical presence in Arizona and does not own assets in Arizona that are used for the provision of telecommunications service. STi will continue to provide intrastate telecommunications services in the State of Arizona through its prepaid calling card service.

I. DESCRIPTION OF TRANSACTION

On September 22, 2010, Vivaro entered into an agreement and plan of merger with STi whereby STi will merge into Vivaro Acquisitions LLC, a wholly-owned subsidiary of Vivaro, with STi becoming the surviving entity (the "Transaction"). As a result thereof, Vivaro will

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acquire all membership interests in STi and pay the current members of STi certain merger consideration in form of cash.

The merger consideration to be received by the current members of STi will be received in cash. Immediately prior to the closing of the Transaction, Baldwin Enterprises, Inc. ("Baldwin"), an indirectly wholly-owned subsidiary of Leucadia National Corporation, will provide a loan to Vivaro to finance the majority of the merger consideration to be paid to the current members of STi (the "Loan"). The Loan is amortizable over a 27-month period. STi will participate in the loan arrangement by acting as a guarantor and by pledging its assets. As indicated above, STi has no physical presence in Arizona and does not own assets in Arizona that are used for the provision of telecommunications service.

II. PARTIES

A. DESCRIPTION OF STi PREPAID, LLC

STi is a private limited liability Delaware company with executive headquarters at 1250 Broadway Street, 26th Floor, New York, NY 10001. STi provides interstate and international telecommunication services throughout the United States. It resells intrastate, interstate and international long distance toll services to households and businesses throughout the United States. Its services are offered through the sale of prepaid telephone cards. STi's Arizona Certificate of Convenience and Necessity was authorized on December 8, 2009 under docket numbers T-20517A-07-0135 and T-04045A-07-0135.

B. DESCRIPTION OF VIVARO CORPORATION

Vivaro is a private Delaware corporation with executive headquarters at 1250 Broadway Street, 30th Floor, New York, NY 10001. Vivaro is not a provider of telecommunications services.

Vivaro is a wholly-owned subsidiary of Progress International, LLC ("Progress"), a private Texas limited liability company. The principal and currently only business of Progress is its operation as a wholesale provider of international telecommunications services. The address of Progress is 10190 Katy Freeway, Suite 410, Houston, TX 77043. Because Progress does not currently provide service in the State, it does not have a Certificate of Convenience and Necessity issued by the State.

Vivaro has the technical, financial and managerial resources to assure that STi will be in a position to continue high quality prepaid telephone service to persons who purchase STi's calling cards within the State. James Continenza who is presently Chief Executive Officer of STi will continue in the same position after the Transaction and remain in charge of day-to-day operations of the company. Gerald Gilrane who is presently Vice President, Information Systems of STi will continue in the same position after the Transaction and remain responsible for technical operations.

C. CONTACT INFORMATION

Communications and correspondence regarding for the proceeding herein should be directed to:

For STi:

STi Prepaid, LLC
Attention: James Continenza
1250 Broadway Street, 26th Floor
New York, NY 10001
Tel: 212-660-2714
Fax: 212-660-2708
Email: jim.continenza@stiprepaid.com

For Vivaro:

Vivaro Corporation
Attention: Meryl Ravitz
1250 Broadway Street, 30th Floor
New York, NY 10001
Tel: 212-931-8755
Fax: 212-931-8693
Email: meryl@epana.com

With a copy to:

David L. Nace, Esq.
Lukas, Nace, Gutierrez & Sachs, LLP
8300 Greensboro Drive, Suite 1200
McLean, VA 22102
Tel: 703-584-8661
Fax: 703-584-8695
Email: dnace@fcclaw.com

III. TRANSACTION IS IN THE PUBLIC INTEREST

Applicants respectfully submit that the Transaction described herein will serve the public interest. The Transaction will allow STi to maintain and improve upon its position as a competitor in the prepaid telecommunications market. After the Transaction occurs, STi will provide the same high quality telecommunications services as currently offered to the public.

Vivaro has the technical, financial and managerial resources to assure that STi will be in a position to continue high quality prepaid telephone service to persons who purchase STi's calling cards within the State. Vivaro is a subsidiary of Progress International, LLC ("Progress") which operates as a wholesale provider of resold international telecommunications services. James Continenza who is presently Chief Executive Officer of STi will continue in the same position after the Transaction and remain in charge of day-to-day operations of the company. Gerald

Gilrane who is presently Vice President, Information Systems of STi will continue in the same position after the Transaction and remain responsible for technical operations.

The Transaction will not impact consumers who continue to utilize STi's prepaid calling cards. Consumers holding prepaid calling cards issued before the Transaction occurs will receive high-quality telecommunications services after the Transaction without interruption and without any planned change in rates, terms or conditions. Customer notice is not required because no assignment of STi's certificate, assets or customers will occur as a result of the Transaction and because STi does not have a dedicated, identifiable customer base. STi's prepaid calling card services can be used by any person at any time after purchasing the calling card from a retailer. STi (i) sells all of its prepaid cards through distributors; (ii) has no knowledge of the identity of the persons who purchase its calling cards, and (iii) has no direct relationship with the persons utilizing its calling cards.

Following the Transaction, STi will continue to file all applicable annual reports and make other regulatory filings as required by Arizona laws and the Commission's Rules. The Applicants have made and will make the requisite filings with the Federal Communications Commission ("FCC") for the approval of the Transaction.

The Transaction will provide the financing needed to allow STi to continue its provision of intrastate telecommunications services within the State.

In summary, the proposed Transaction has no potential to harm the public interest and is expected to preserve and increase competition in the domestic and international telecommunications markets.

IV. REQUEST FOR EXPEDITED APPROVAL

The Applicants respectfully seek expedited approval of this Joint Application. The Transactions will allow for the continuity of service to public and will allow STi to maintain and improve upon its position as a competitor in the prepaid telecommunications market. Expedited treatment is requested to allow Applicants to quickly complete the Transaction so that the public and STi's customers continue to receive prepaid telecommunications service.

V. CONCLUSION

Based on the foregoing, the Applicants respectfully request that the Commission authorize, to the extent necessary, the pledge or encumbrance of assets in connection with the Transaction described herein.. Applicants further submit that the public interest, convenience and necessity will be furthered by expeditious Commission approval of Applicants' participation in the Transaction and financing arrangements described herein.

Respectfully submitted this 18th day of October 2010,

James V Continenza

James Continenza, Chief Executive Officer
STi Prepaid, LLC
1250 Broadway Street, 26th Floor
New York, NY 10001
(212) 660-2714

Meryl Ravitz, Chief Financial Officer and Treasurer
Vivaro Corporation
1250 Broadway Street, 30th Floor
New York, NY 10001
(212) 931-8755

IV. REQUEST FOR EXPEDITED APPROVAL

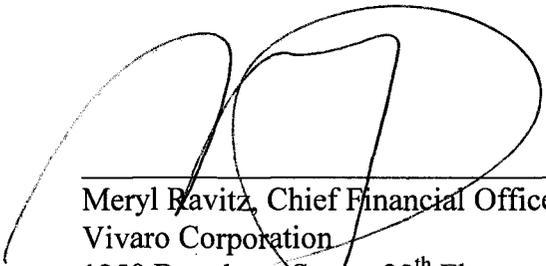
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Respectfully submitted this 18th day of October 2010,

James Continenza, Chief Executive Officer
STi Prepaid, LLC
1250 Broadway Street, 26th Floor
New York, NY 10001
(212) 660-2714



Meryl Ravitz, Chief Financial Officer and Treasurer
Vivaro Corporation
1250 Broadway Street, 30th Floor
New York, NY 10001
(212) 931-8755

Original and 13 copies of the foregoing were filed this 18th day of October, 2010 with:

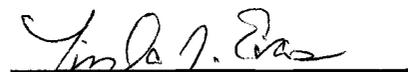
Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

**COPY of the foregoing emailed
this 18th day of October , 2010 to:**

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Linda J. Evans