

**BEFORE THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**

Joint Application of STi Prepaid, LLC)	
and Dialaround Enterprises Inc.)	Docket No. _____
for Approval to Transfer the Assets and)	
Certificate of Authority of Dialaround)	
Enterprises Inc. to STi Prepaid, LLC)	

JOINT APPLICATION

STi Prepaid, LLC (“STi Prepaid”) and Dialaround Enterprises Inc. (“DEI”) (the “Applicants”), through their undersigned counsel and pursuant to SDCL 49-31-3 and ARSD 20:10:24:04.01 and 20:10:24:02, hereby request approval from the South Dakota Public Utilities Commission (“Commission”) to transfer DEI’s assets, including DEI’s authority to provide intrastate resold interexchange telecommunications services in South Dakota, to STi Prepaid. STi Prepaid also requests authority to provide prepaid calling card service in South Dakota. To facilitate the asset transfer, STi Prepaid also provides the information necessary under the South Dakota Administrative Rules to demonstrate that it is qualified to hold DEI’s certificate of authority to provide resold interexchange telecommunications services that DEI currently provides in South Dakota, as well as prepaid calling card service.

I. DESCRIPTION OF THE TRANSACTION

On January 23, 2007, DEI and certain of its affiliates (collectively, “Sellers”) entered into an Asset Purchase and Contribution Agreement (“Agreement”) with STi Prepaid and certain of its affiliates pursuant to which Sellers agreed to transfer all or substantially all of their assets and liabilities to STi Prepaid, including DEI’s authorizations to provide telecommunications services (the “Transaction”). Consummation of the Transaction is contingent on, among other things, receipt of all necessary regulatory approvals.

Pursuant to the terms of the Agreement, STi Prepaid will purchase seventy-five percent (75%) of the assets and assume seventy-five percent (75%) of the Sellers' liabilities. The assets to be transferred by the Sellers to STi Prepaid include DEI's authorizations to provide telecommunications services. At the completion of the Transaction, STi Prepaid will hold DEI's authorizations to provide telecommunications services.

ST Finance, a Delaware limited liability company whose principal business is securities holdings, will own the remaining twenty-five percent (25%) interest in STi Prepaid after consummation of the Transaction. Samer Tawfik, a United States citizen, will indirectly own a one hundred percent (100%) membership interest in ST Finance through seven holding companies, all of which are Delaware entities. The seven holding companies are: Telco Group, Inc., STi Phonecard Inc., Dialaround Enterprises Inc., STi Mobile Inc., Phonecard Enterprises Inc., VOIP Enterprises Inc., and STi PCS, LLC. Thus, Samer Tawfik will hold a twenty-five percent (25%) indirect interest in STi Prepaid after consummation of the proposed Transaction.

II. DESCRIPTION OF THE APPLICANTS

A. STi Prepaid, LLC

STi Prepaid, a Delaware limited liability company, is an indirect subsidiary of Leucadia National Corporation ("Leucadia"), a publicly traded New York corporation with headquarters at 315 Park Avenue South, New York, NY 10010. STi Prepaid is a newly-formed entity that will hold DEI's authorizations to provide telecommunications services after consummation of the Transaction. In conjunction with the Transaction, STi Prepaid therefore requests authority to provide intrastate resold interexchange telecommunications services in South Dakota, including dial-around and prepaid calling card services.

B. Dialaround Enterprises Inc.

DEI is a privately held Delaware corporation with headquarters at 30-50 Whitestone Expressway, 4th Floor, Flushing, New York 11354. Samer Tawfik, a United States citizen, is DEI's sole owner. The Commission authorized DEI to "provide interexchange telecommunications services in South Dakota, subject to the condition that it not offer a prepaid calling card or require or accept deposits or advance payments without prior approval of the Commission."^{1/} DEI currently provides dial-around services in South Dakota.

III. DESIGNATED CONTACTS

Correspondence, orders, or other material concerning this Joint Application should be directed to:

For DEI and STi Prepaid:
Samer Tawfik Chief Executive Officer 30-50 Whitestone Expressway, 4th Floor Flushing, NY 11354 718-358-5390 (telephone) 718-732-7751 (facsimile)
Chérie R. Kiser Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. 701 Pennsylvania Avenue, NW, Suite 900 Washington, D.C. 20004 202-434-7300 (telephone) 202-434-7400 (facsimile) crkiser@mintz.com

IV. THE TRANSACTION IS IN THE PUBLIC INTEREST

The proposed Transaction furthers the public interest, convenience, and necessity. The assignment of DEI's assets to STi Prepaid will benefit consumers by ensuring that they continue to have a wide range of telecommunications choices in the long distance market. As an affiliate

^{1/} Docket No. TC03-078, *In the Matter of the Application of Dialaround Enterprises Inc. for a Certificate of Authority to Provide Interexchange Telecommunications Services in South Dakota*, Order Granting Certificate of Authority, effective June 29, 2003.

of Leucadia, a publicly traded company, STi Prepaid will have access to the public capital markets that can provide support for the expansion of the services that DEI currently offers. STi Prepaid will benefit from DEI's experience providing telecommunications services, which will be further enhanced by STi Prepaid's access to the telecommunications expertise of Leucadia, which previously has managed numerous other providers of telecommunications services through various subsidiaries. The combination of DEI's existing technical experience and Leucadia's financial backing will enhance STi Prepaid's ability to efficiently provide and expand its services.

The proposed Transaction does not present any anticompetitive issues. Consumers utilizing DEI's dial-around services will continue to receive high-quality telecommunications services without interruption and without change in rates, terms, or conditions. DEI currently provides resold interexchange telecommunications services in South Dakota pursuant to DEI's tariff, Dialaround Enterprises Inc. South Dakota P.U.C. Tariff No. 1 issued April 29, 2003. Immediately following consummation of the Transaction, STi Prepaid has provided a proposed tariff with this application that proposes to offer consumers the same services at the same rates, terms, and conditions as were previously offered by DEI. Accordingly, the contemplated Transaction will be virtually transparent to consumers.

Customer notice is not required in this case because DEI does not have a dedicated customer base. DEI's services can be used by any person at any time by dialing a specified access code prior to making a telephone call. DEI has no knowledge of the identity of the persons that utilize its dial-around services, and has no relationship with the person utilizing the dial-around code (a third-party billing and collection vendor interacts with the customer after the

dial-around service is used). Accordingly, customer notification of this Transaction is unnecessary and would be almost impossible.

V. STi PREPAID IS QUALIFIED TO PROVIDE SERVICE IN SOUTH DAKOTA

A. STi Prepaid Has the Necessary Managerial, Technical, and Financial Qualifications

STi Prepaid is well qualified to provide telecommunications services in South Dakota. STi Prepaid will utilize a significant number of the same employees and the same assets that DEI currently uses to provide telecommunications services in South Dakota, and will therefore be well positioned to provide the same quality services that DEI currently provides. The biographies of the persons responsible for the day-to-day operations of STi Prepaid (found in Exhibit B) demonstrate STi Prepaid's managerial and technical qualifications to provide telecommunications service. In addition, STi Prepaid and its ultimate corporate parent Leucadia have the financial qualifications to provide telecommunications services in South Dakota as demonstrated by the financial statements provided in Exhibit C.

B. Additional Information Required in ARSD 20:10:24:02

1) Applicants' names, addresses, telephone and fax numbers:

STi Prepaid, LLC
30-50 Whitestone Expressway, 4th Floor
Flushing, NY 11354
718-358-5390 (telephone)
718-732-7751 (facsimile)

Dialaround Enterprises Inc.
30-50 Whitestone Expressway, 4th Floor
Flushing, NY 11354
718-358-5390 (telephone)
718-732-7751 (facsimile)

2) The name under which the applicant will provide these services: STi Prepaid, LLC d/b/a Telco Group, Telco, TGI, Dialaround Enterprises, Dialaround, DEI, VOIP Enterprises, VOIP.

3) The state in which the STi Prepaid is incorporated, the date of incorporation, a copy of its certificate of incorporation, and a copy of its certificate of authority to transact business in South Dakota from the Secretary of State: (a) STi Prepaid is a Delaware limited liability company that was incorporated on December 19, 2006. STi Prepaid's Certificate of Incorporation is attached as Exhibit D, and its Certificate of Authority to Transact Business in South Dakota is attached as Exhibit E. (b) STi Prepaid's principal office is located in Flushing, New York. The address of STi Prepaid's registered agent for service of process in South Dakota is Corporation Service Company, 503 South Pierre Street Pierre, SD 57501. (c) In addition to the information provided in Section I above, the Applicants provide the following information concerning ownership of STi Prepaid, LLC:

BEI Prepaid, LLC. BEI Prepaid, LLC ("BEI Prepaid"), a Delaware limited liability company will own a seventy-five percent (75%) interest in STi Prepaid after consummation of the Transaction. BEI Prepaid's principal business is telecommunications holdings. David Larsen, a United States citizen, holds a ten percent (10%) non-voting membership interest in BEI Prepaid. BEI Prepaid Holdings, LLC, a Delaware limited liability company whose principal business is telecommunications holdings, owns a ninety percent (90%) membership interest and a one hundred percent (100%) voting interest in BEI Prepaid. BEI Prepaid Holdings, LLC is a wholly owned subsidiary of Baldwin Enterprises Inc. ("Baldwin"), a Colorado corporation whose principal business is investment. Baldwin is a wholly owned subsidiary of Phlcorp, Inc., a Pennsylvania corporation whose principal business is investment holdings. Phlcorp, Inc. is a wholly owned

subsidiary of Leucadia, a publicly traded New York corporation whose principal business is investment. Ian Cumming and Joseph Steinberg, both of which are United States citizens, each hold a thirteen percent (13%) interest in Leucadia. The business address for David Larsen is 529 East South Temple, Salt Lake City, UT 84102. The address for Ian Cumming is 529 East South Temple, Salt Lake City, UT 84102. The address for Joseph Steinberg, BEI Prepaid, BEI Prepaid Holdings, LLC, Baldwin, Phlcorp, Inc., and Leucadia is 315 Park Avenue South, New York, NY 10010.

ST Finance, LLC. ST Finance, a Delaware limited liability company whose principal business is securities holdings, will own a twenty-five percent (25%) interest in STi Prepaid after consummation of the Transaction. Samer Tawfik, a United States citizen, will indirectly own a one hundred percent (100%) membership interest in ST Finance through seven holding companies, all of which are Delaware entities. The seven holding companies are: Telco Group, Inc., STi Phonecard Inc., Dialaround Enterprises Inc., STi Mobile Inc., Phonecard Enterprises Inc., VOIP Enterprises Inc., and STi PCS, LLC. Thus, Samer Tawfik will hold a twenty-five percent (25%) indirect interest in STi Prepaid after consummation of the proposed Transaction. After consummation of the Transaction, the address for ST Finance, Samer Tawfik, Telco Group, Inc., STi Phonecard Inc., Dialaround Enterprises Inc., STi Mobile Inc., Phonecard Enterprises Inc., VOIP Enterprises Inc., and STi PCS, LLC is 23 Shorewood Drive, Port Washington, NY 11050.

4) Partnership name, title and address: Not applicable.

5) Description of the telecommunications services the applicant intends to offer: As noted above, STi Prepaid plans to provide resold interexchange telecommunications services in South Dakota, including dial-around and prepaid calling card services.

6) The means by which the Applicant will provide its services: The Applicant plans to offer resold interexchange telecommunications services utilizing the services of other carriers certificated in South Dakota.

7) Applicant's proposed geographic serving and calling areas: STi Prepaid plans to provide resold interexchange service throughout the entire State of South Dakota.

8) Applicant's current financial statements, including balance sheet, income statement, and cash flow statement, annual report, report to stockholders: Leucadia, the ultimate majority owner of STi Prepaid, satisfies the necessary financial requirements as demonstrated by its financial statements attached as Exhibit C.

9(a)) The name, address and telephone/fax numbers of the person responsible for servicing customers, repairs, maintenance, and responding to complaints in South Dakota:

Patricia Newbold
STi Prepaid, LLC
30-50 Whitestone Expressway, 4th Floor
Flushing, New York 11354
718-358-5390 ext 2273 (telephone)
718-732-7755 (facsimile)
patricia.newbold@stiprepaid.com

9(b)) Contact for regulatory matters:

Chérie R. Kiser
Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
701 Pennsylvania Avenue, NW, Suite 900
Washington, D.C. 20004
202-434-7300 (telephone)
202-434-7400 (facsimile)
crkiser@mintz.com

9(c)) Description of how applicant handles customer billings and customer service matters: For its dial-around services, STi Prepaid will utilize the following third party billing agent: Billing Concepts, Inc., 7411 John Smith Drive, San Antonio, TX. Consumers using

prepaid calling card services do not receive a bill from STi Prepaid. Customer service matters are handled by Patricia Newbold as discussed in the response to question 12 above.

10) List of states in which the applicant is registered or certified to provide telecommunications services: STi Prepaid is in the process of obtaining the necessary authorizations to provide interexchange services in all fifty states. STi Prepaid has never been denied registration or certification in any state, and it is in good standing in the states where it is registered or certified.

11) Description of how the applicant intends to market its services, its target market, multi-level marketing, if any, and copies of any company brochures: STi Prepaid intends to use point-of-sale displays and the Internet for marketing of its prepaid calling card services.

12) Cost support for rates shown in the company's tariff for all noncompetitive or emerging competitive services: Not applicable.

13) Federal tax identification number: 20-8265345.

14) Slamming and cramming complaints: No slamming or cramming complaints have been filed against STi Prepaid.

15) Waivers: STi Prepaid requests all waivers routinely granted by the Commission to entities seeking authority to provide resold interexchange telecommunications services, including prepaid calling card services.

16) Other information requested by the Commission: STi Prepaid will promptly respond to any Commission requests for additional information.

WHEREFORE, the Applicants respectfully request Commission approval of this Joint Application and the issuance of a certificate of authority for STi Prepaid to provide resold

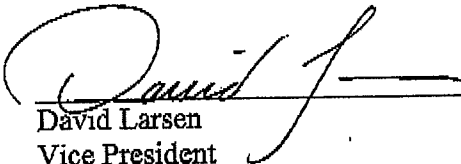
interexchange telecommunications services, including dial-around and prepaid calling card services. Specifically, the Applicants respectfully request Commission approval to transfer DEI's assets, including DEI's authority to provide intrastate resold interexchange telecommunications services in South Dakota, to STi Prepaid, and thereafter cancel DEI's certificate of authority and tariff. STi Prepaid also requests additional authority to provide prepaid calling card service in South Dakota. Further, STi Prepaid requests Commission approval of its proposed tariff and the rates proposed therein.

DIALAROUND ENTERPRISES INC.

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Flushing, NY 11354
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Respectfully submitted,

STi PREPAID, LLC



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Vice President
30-50 Whitestone Expressway, 4th Floor
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April 18th, 2007

DIALAROUND ENTERPRISES INC.



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EXHIBITS

EXHIBIT A Officer Biographies

EXHIBIT B Financial Statements

EXHIBIT C Certificate of Incorporation

EXHIBIT D South Dakota's Secretary of State Certificate to Transact Business

EXHIBIT E Tariff