

TC00-122

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NOWALSKY, BRONSTON & GOTHARD

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Monica R. Borne
EllenAnn G. Sands

RECEIVED

August 10, 2000

AUG 11 2000

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Via Overnight Delivery

Executive Secretary
South Dakota Public Utilities Commission
500 E. Capitol Avenue
Pierre, SD 57501

RE: Cybertel, Communications Corp.

Dear Sir:

Enclosed herewith for filing please find an original and ten (10) copies of the Application of Cybertel, Communications Corp. for authority to provide resold interexchange telecommunications services throughout the State of South Dakota. The requisite \$250.00 filing fee is enclosed.

Please date stamp and return the attached copy of this letter as acknowledgment of your receipt of these documents. A self-addressed, stamped envelope has been provided for this purpose.

If you should have any questions regarding this filing, please do not hesitate to call.

Sincerely,



Monica R. Borne

Enclosure

BEFORE THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

RECEIVED

AUG 11 2000

IN RE:
APPLICATION OF CYBERTEL, COMMUNICATIONS)
CORP. FOR AUTHORITY TO PROVIDE)
INTEREXCHANGE TELECOMMUNICATIONS SERVICES)
WITHIN THE STATE OF SOUTH DAKOTA)

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Docket No. _____

APPLICATION

CYBERTEL, COMMUNICATIONS CORP. ("Applicant") hereby submits this application for certificate of public convenience and necessity to provide resold intrastate telecommunications service within the State of South Dakota.

In support of its application, Applicant provides the following information:

1. The legal name, principal address and telephone number of the applicant corporation are:

Cybertel, Communications Corp.
4320 La Jolla Village Dr.
Suite 205
San Diego, CA 92122
Phone: (858) 646-7410
Fax: (858) 646-7414

2. Applicant is a corporation organized under the laws of the State of Nevada on June 13, 1996. The Company is authorized to transact business within South Dakota as evidenced by the Certificate of Authority attached hereto as **Exhibit A**. The Company has no parent company, but has two subsidiaries named Like Dat Music, Inc. and Telenomics, Inc.

3. The Applicant's representative to whom all correspondence regarding this application should be addressed is:

Monica R. Borne, Attorney
Nowalsky, Bronston & Gothard
3500 N. Causeway Blvd., Suite 1442
Metairie, Louisiana 70002
Phone: (504) 832-1984

4. Applicant possesses the management personnel necessary to provide the proposed services as indicated in the Management Profiles attached as **Exhibit B**. Applicant's officers and directors are as follows:

Richard Mangiarelli
President/Director
4320 La Jolla Village Dr.
Suite 205
San Diego, CA 92122

Jim Boring
Sr. Vice President/Director
4320 La Jolla Village Dr.
Suite 205
San Diego, CA 92122

Richard Schmidt
C.F.O.
4320 La Jolla Village Dr.
Suite 205
San Diego, CA 92122

John Jordan
Director
4320 La Jolla Village Dr.
Suite 205
San Diego, CA 92122

Paul Mills
Director
4320 La Jolla Village Dr.
Suite 205
San Diego, CA 92122

5. Applicant proposes to offer resold intrastate long distance services to the public on a statewide basis in the State of South Dakota. The services to be provided are Message Toll Service, Incoming 800/888 and Travel Card services. The Applicant resells the services of underlying carriers and does not own any facilities, including switches. Applicant will initially resell the services of MCI WorldCom.

6. The Company is currently authorized to provide service in Colorado, Iowa, Idaho, Indiana, Kansas, Michigan, Montana, North Carolina, North Dakota, New Jersey, Oregon, Texas, Utah and Virginia. A list of states where applications for authority are pending is contained in the Initial Data Request attached as **Exhibit F**. The Company has not been denied authorization to provide service in any state and is in good standing with the appropriate regulatory agency in all states where it is authorized to provide services.
7. The Applicant's proposed initial tariff containing the rules, regulations, terms and conditions of service is attached hereto as **Exhibit C**.
8. The Applicant has adequate and sufficient financial resources to provide the proposed public telecommunications service properly and continuously. A copy of the Company's financial statements are attached hereto as **Exhibit D**.
9. Granting of this application will further the public interest. The resale of telecommunications services expands the availability of telecommunications services to more members of the public at more competitive prices. In addition, by lowering the costs of telecommunications, small and medium sized businesses are able to maintain their communications costs at levels that are closer to those available to larger users. The more competitively equal companies are, the more the public should benefit through products and services made and/or delivered more efficiently and more responsively to consumer needs and desires.

10. The Applicant is willing and able to conform to the Constitution and laws of the State of South Dakota and the Rules and Regulations of the Commission, now in effect or hereinafter enacted.
11. A list of shareholders owning more than a twenty percent (20%) share is attached hereto as Exhibit E.
12. The Company's Federal Employer Identification Number is 86-0862532.
13. The Company has not had any complaints filed against it with any state or federal regulatory commission regarding the unauthorized switching of a customer's telecommunications provider and the act of charging customers for services that have not been ordered.
14. The Company's contact person for future regulatory matters is:

Richard Schmidt
4320 La Jolla Village Drive
Suite 205
San Diego, CA 92122
Ph. (858) 646-7410

WHEREFORE, Cybertel, Communications Corp, respectfully requests that the Commission Grant Applicant a Certificate of Public Convenience and Necessity, giving Applicant authority to provide public telecommunications service, effective upon approval of this Application.

Respectfully submitted this 8th day of August, 2000.

By: 

Monica R. Borne
Nowalsky, Bronston & Gothard
3500 N. Causeway Blvd.
Suite 1442
Metairie, LA 70002
Ph. (504) 832-1984
E-Mail: mborne@nbglaw.com

AND



Richard Schmidt, C.F.O.
Cybertel, Communications Corp.
4320 La Jolla Village Drive
Suite 205
San Diego, CA 92122

EXHIBIT A

CERTIFICATE OF AUTHORITY

State of South Dakota



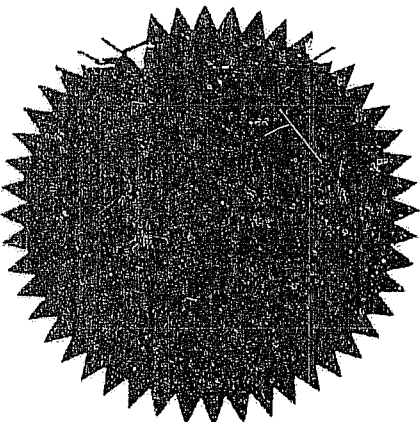
OFFICE OF THE SECRETARY OF STATE

Certificate of Authority

I, **JOYCE HAZELTINE**, Secretary of State of the State of South Dakota, hereby certify that the Application for a Certificate of Authority of **CYBERTEL, COMMUNICATIONS CORP. (NV)** to transact business in this state duly signed and verified pursuant to the provisions of the South Dakota Corporation Acts, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I hereby issue this Certificate of Authority and attach hereto a duplicate of the application to transact business in this state.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of South Dakota, at Pierre, the Capital, this February 4, 2000.



Joyce Hazeltine
Secretary of State

EXHIBIT B

MANAGEMENT PROFILES

Cybertel, Communications, L.L.C. Management Profiles

Paul J. Mills:

Mr. Mills has served as Chairman of the Board since June 1996. Mr. Mills has been a principal in Mills and Associates, a management and consulting firm since 1985. Prior thereto, he founded and served as President of a marketing company called Southwest Solar Products, Inc. from 1980 to 1986.

Richard Mangiarelli:

Mr. Mangiarelli has served as President, Chief Executive Officer and a Director of the Company since June 1996. Mr. Mangiarelli has been in the field of energy conservation for almost twenty years. In 1985 Mr. Mangiarelli founded USA Energy Corporation, a licensed general and electrical contractor dedicated to energy conservation contracting. Mr. Mangiarelli served as the President and Chief Executive Officer. Prior thereto, he founded Socalso, Inc., a solar energy-contracting firm in 1983. Mr. Mangiarelli holds a BA degree from the University of Connecticut and an MBA degree from Pepperdine University. Mr. Mangiarelli is a licensed general contractor and licensed electrical contractor. Mr. Mangiarelli retired from the United States Marine Corps at the rank of Colonel.

James D. Boring:

Mr. Boring has been actively involved in telecommunications for fourteen (14) years. Most recently he served as President of TRITEL Communications, Inc. From 1991-1996, Mr. Boring worked at Access America Telemanagement, Inc. as Vice President of Field Operations. Mr. Boring facilitated the sale of Access America to GE Capital. Previously, he was associated with Futuretek Communications Inc. Mr. Boring holds a BA from Kansas State University.

John E. Jordan:

Mr. Jordan has served as a Director of the Company since June 1996. In 1959, Mr. Jordan founded Jordan Companies, a group of privately held, diversified companies engaged in energy related engineering, manufacturing and marketing activities, defense and aerospace consulting and international negotiations and representation and has served as Chief Executive Officer of Jordan Companies for over 20 years. Mr. Jordan is a graduate of Stanford University, the Marine Corps Command and Staff College, the National Defense University-Industrial College of the Armed Force program, the Naval War College, and served as an Officer in both the U.S. Air Force and the Marine Corps.

EXHIBIT C

PROPOSED INITIAL TARIFF

TELECOMMUNICATIONS SERVICES TARIFF

TITLE SHEET

CYBERTEL, COMMUNICATIONS CORP.

TARIFF NO. 1

This tariff contains the description, regulations, and rates applicable to the furnishing of service and facilities for telecommunications services provided by **Cybertel, Communications Corp.** with principal offices at 4320 La Jolla Village Drive, Suite 205, San Diego, California 92122. This tariff is on file with the South Dakota Public Utilities Commission, and copies may be inspected during normal business hours at the Company's principal place of business.

ISSUED:

EFFECTIVE:

ISSUED BY: Richard Mangiarelli, President
Cybertel, Communications Corp.
4320 La Jolla Village Dr., Suite 205
San Diego, CA 92122

TELECOMMUNICATIONS SERVICES TARIFF

CHECK SHEET

All sheets of this tariff are effective as of the date shown at the bottom of the respective pages. Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this page.

<u>Sheet</u>	<u>Revision</u>	<u>Sheet</u>	<u>Revision</u>
1	Original	21	Original
2	Original	22	Original
3	Original	23	Original
4	Original	24	Original
5	Original	25	Original
6	Original	26	Original
7	Original	27	Original
8	Original		
9	Original		
10	Original		
11	Original		
12	Original		
13	Original		
14	Original		
15	Original		
16	Original		
17	Original		
18	Original		
19	Original		
20	Original		

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TELECOMMUNICATIONS SERVICES TARIFF

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TELECOMMUNICATIONS SERVICES TARIFF

SYMBOLS

The following are the only symbols used for the purposes indicated below:

- D - Deleted or Discontinued Material
- I - Change Resulting in a Rate Increase
- N - New Regulation, Term, Condition or Rate
- R - Change Resulting in a Rate Reduction
- T - Change In Text or Regulation, but no Change in Rates

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4320 La Jolla Village Dr., Suite 205
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TELECOMMUNICATIONS SERVICES TARIFF

TARIFF FORMAT

- 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 Sheet 14.1.
- B. Sheet Revision Numbers - Revision numbers also appear in the upper-right corner of the sheet. These numbers are used to determine the most current sheet version on file with the Commission. For example, 4th Revised Sheet 14 cancels 3rd Revised Sheet 14.
- C. Paragraph Numbering Sequence - There are various levels of alphanumeric paragraph coding. Each level of coding is subservient to its next higher level of coding.
- 2.
 - 2.1.
 - 2.1.1.
 - 2.1.1.A.
 - 2.1.1.A.1.
 - 2.1.1.A.1.(a)
- D. Check Sheets - When a tariff filing is made with the Commission, 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 sheets 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 sheet if these are the only changes made to it (i.e., the format, etc., remains the same, just revised revision levels on some sheets). 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 Commission.

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TELECOMMUNICATIONS SERVICES TARIFF

SECTION 1 - DEFINITIONS AND ABBREVIATIONS

1.1 Definitions:

Application for Service - A standard order form which includes all pertinent billing, technical, and other descriptive information which will enable the carrier to provide the communication service as required.

Authorized User - A person, firm, corporation, or other entity authorized by the customer to receive or send communications.

Carrier - Cybertel, Communications Corp., unless stated otherwise.

Class of Service - Various categories of telephone service generally available to customers, such as business or residential.

Commission - South Dakota Public Utilities Commission.

Company - Cybertel, Communications Corp.

Completed Calls - Completed calls are calls answered on the distance end.

Customer or Subscriber - The person, firm, corporation, or other entity which orders or uses service and is responsible by law for payment for communication service from the telephone utility.

Customer Provided Equipment - Terminal equipment provided by a customer.

Delinquent Account - An account for which a bill or payment agreement for regulated services or equipment has not been paid in full on or before the last day for timely payment.

Direct Distance Dialing (DDD) - Customer dialing over the nationwide intertoll telephone network of calls to which toll charges are applicable. No operator assistance is required for DDD calls.

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TELECOMMUNICATIONS SERVICES TARIFF

1.1 Definitions (continued)

Due Date - The last day for payment without unpaid amounts being subject to a late payment charge or additional collection efforts.

Holidays - Carrier's recognized holidays are New Year's Day, Memorial Day, July 4th, Labor Day, Thanksgiving Day and Christmas Day.

Measured Use Service - The provision of long distance measured time communications telephone service to customers who access the carrier's services at its switching and call processing equipment by means of access facilities obtained from another carrier by the customer or otherwise provided at its own expense (the customer is responsible for arranging for the access line).

Message - A completed telephone call by a customer or user.

Premises - The space occupied by an individual customer in a building, in adjoining buildings occupied entirely by that customer, or on contiguous property occupied by the customer separated only by a public thoroughfare, a railroad right of way or a natural barrier.

Rates - Recurring amounts billed to customers for regulated services and/or equipment.

Terminal Equipment - All telephone instruments, including pay telephone equipment, the common equipment of large and small key and PBX systems and other devices and apparatus, and associated wiring, which are intended to be connected electrically, acoustically or inductively to the telecommunication system of the telephone utility.

Underlying Carrier - The telecommunications carrier whose network facilities provides the technical capability and capacity necessary for the transmission and reception of customer telecommunications traffic.

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TELECOMMUNICATIONS SERVICES TARIFF

1.2 Abbreviations:

LATA - Local Access Transport Area

LEC - Local Exchange Carrier

MTS - Message Toll Service

PBX - Private Branch Exchange

SAL - Special Access Line

V&H - Vertical and Horizontal

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San Diego, CA 92122

TELECOMMUNICATIONS SERVICES TARIFF

2.3 Use of Service

Service may not be used for any unlawful purposes.

The minimum period for service is one month (30 days) unless otherwise noted in the service description.

2.4 Liability of Carrier

The provisions of this section are not intended to restrict or limit a customer's rights under SDCL 49-13-1 and 49-13-1.1. If any provisions of this section conflict with SDCL 49-13-1 or 49-13-1.1, then the applicable South Dakota law shall prevail.

2.4.1 Reserved for Future Use.

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Cybertel, Communications Corp.
4320 La Jolla Village Dr., Suite 205
San Diego, CA 92122

TELECOMMUNICATIONS SERVICES TARIFF

2.4 Liability of Carrier

2.4.2 Carrier, at its own expense, will indemnify the customer and hold it harmless in respect to any and all loss, damage, liability or expense asserted against the customer by a third party on account of any property damage or personal injury caused by any negligence or willful misconduct of Carrier or its agents or representatives arising out of performance by Carrier of any testing or other activities on the customer's premises pursuant to this tariff. Carrier's obligations under the immediately preceding sentence shall be subject to the customer's full performance of this tariff and subject further to the customer's duty to take reasonable precautions in the location, construction, maintenance and operation of all activities, facilities and equipment for the protection against hazard or injury and so as to not interfere with the services provided by Carrier.

2.4.3 Carrier shall be indemnified and held harmless by the customer against:

- A. Claims for libel, slander, infringement of copyright or unauthorized use of any trademark, trade name, or service mark arising out of the material, data information, or other content transmitted over the carrier's facilities; and

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TELECOMMUNICATIONS SERVICES TARIFF

2.4 Liability of Carrier

2.4.3 (continued)

- B. Claims for patent infringement of copyright or unauthorized use of any trademark, trade name, or service mark arising out of the material, data information, or other content transmitted over the carriers facilities; and
- C. All other claims arising out of any act or omission by the customer in connection with any service provided by Carrier.

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TELECOMMUNICATIONS SERVICES TARIFF

2.5 Interruption of Service

- 2.5.1. Carrier shall make all reasonable efforts to prevent interruptions of service. When interruptions are reported or found by Carrier to occur, Carrier shall reestablish service as quickly as possible.
- 2.5.2. When a customer's service access line is reported to be out of order and remains out of order in excess of two (2) consecutive hours, the company shall, upon request, make appropriate adjustments to the subscriber's account. This rule does not apply if the outage occurs as a result of:
- (1) A negligent or willful act on the part of the subscriber;
 - (2) A malfunction of subscriber-owned telephone equipment;
 - (3) Disasters or acts of God; or
 - (4) The inability of the company to gain access to the subscriber's premises after Carrier has requested that customer provide access to the premises.
 - (5) Carrier's provision of routine maintenance, testing or adjustments.
- 2.5.3. The customer shall be credited for an interruption of two (2) hours or more at the rate of 1/720th of the monthly charge for the service affected for each hour or major fraction thereof that the interruption continues. Credit for an interruption shall commence with the hour of the report or discovery of the interruption and will cease upon restoration of service. Any adjustments not in dispute shall be rendered within two billing periods after the billing period during which the interruption occurred.
- 2.5.4. Customers shall notify Carrier of interruptions in service. Before giving notice of interruption, the customer should ascertain whether the trouble is being caused by any action or omission by or within his control or in any wiring or equipment connected to the Carrier's terminal.

ISSUED:**EFFECTIVE:**

ISSUED BY: Richard Mangiarelli, President
Cybertel, Communications Corp.
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TELECOMMUNICATIONS SERVICES TARIFF

2.6 Responsibility of the Customer

2.6.1 All customers assume general responsibilities in connection with the provisions and use of services stated in this tariff. All customers are responsible for the following:

- A. The customer is responsible for placing orders for service, paying all charges for service rendered by Carrier and complying with all regulations governing the service. The customer is also responsible for assuring that its users comply with regulations.
- B. When placing an order for service, the customer must provide:
 - 1. The name(s) and address(es) of the person(s) responsible for the payment of service charges.
 - 2. The name(s), telephone number(s), and address(es) of the customer contact person(s).

2.6.2 Maintenance, Testing, and Adjustment

If a customer's service must be interrupted due to maintenance, Carrier shall notify the affected customer, in advance, if possible and will perform the work in such a manner as to minimize inconvenience.

Equipment provided by Carrier shall be made available to Carrier for such tests and adjustments as may be necessary to maintain them in satisfactory condition.

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ISSUED BY: Richard Mangiarelli, President
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TELECOMMUNICATIONS SERVICES TARIFF

2.6.3 Deposits and Advance Payments

The Company will not require a deposit or advance payment for service.

2.6.4 Cancellation by Customer

If a customer orders services requiring special equipment and/or facilities dedicated to the customer's use and then cancels his order before the service begins, before a completion of the minimum period mutually agreed upon by the customer and Carrier, a charge will be made to the customer for the non-recoverable portions of expenditures or liabilities incurred expressly on behalf of the customer by Carrier and not fully reimbursed by installation and monthly charges. If, based on such an order, any construction has either begun or been completed, but not such services provided, the non-recoverable cost of such construction shall be borne by the customer.

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TELECOMMUNICATIONS SERVICES TARIFF

2.6.5 Payment of Charges

- A. Service is provided and billed on a monthly (30 day) basis. Charges based on actual usage during a month will be billed monthly in arrears.
- B. Bills are payable upon receipt of invoice. Customers will be charged a late payment penalty in the amount of one and one-half percent (1.5%) per month on delinquent amounts and will be responsible for any charges associated with disconnection and reconnection of service. A bill will be considered delinquent after thirty (30) days from rendition of the invoice.
- C. In the event of a dispute concerning a bill, Customer must pay a sum equal to the amount of the undisputed portion of the bill and proceed with complaint procedures set forth in this tariff. If notice of a dispute as to charges is not received in writing within 180 days after a bill has been rendered, the billing will be considered correct and binding.
- D. Customer is responsible for payment of all state and local taxes (i.e. gross receipts tax, sales tax, municipal utilities tax) which shall be listed as separate line items and which are not included in Carrier's quoted rates.
- E. Customers will be charged a fee on all checks issued to Carrier which are returned due to non-sufficient funds.

2.6.6 Application of Charges

The charges for service are those in effect for the period that service is furnished.

ISSUED:

EFFECTIVE:

ISSUED BY: Richard Mangiarelli, President
Cybertel, Communications Corp.
4320 La Jolla Village Dr., Suite 205
San Diego, CA 92122

TELECOMMUNICATIONS SERVICES TARIFF

2.6.7 Customer Complaint Procedure

Carrier will resolve any disputes brought to its attention as promptly and effectively as possible.

Customer inquiries, complaints or notices may be made in writing to the Company at the address stated in this tariff or via the Customer Services toll free number: 1-800-370-1213.

Any unresolved disputes may be directed to the attention of the South Dakota Public Utilities Commission at:

500 East Capitol Avenue
Pierre, South Dakota 57501-5070
(605) 773-3201 or
1-800-332-1782
1-800-877-113 (TTY through Relay South Dakota)

In the event of a dispute concerning an invoice, the customer must pay a sum equal to the amount of the undisputed portion of the bill. Service shall not be disconnected for nonpayment of the disputed portion of the bill for 30 days after rendition of the disputed bill.

2.7.1 Credit Upon Cancellation

Where Carrier cancels a service and the final service period is less than the monthly billing period, a credit will be issued for any amounts paid in advance, prorated at 1/30th of the monthly recurring charge for each day the service was not rendered. This credit will be issued to the customer or applied against the balance remaining on the customer's account.

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TELECOMMUNICATIONS SERVICES TARIFF

2.7.2 Disconnection of Service by Carrier

- A. Five (5) days prior notice of pending disconnection shall be rendered to customers setting forth the reason(s) for the notice and the final date by which the account is to be settled or specific action taken. Such notice shall be forwarded to the customer via U.S. mail and will be considered rendered when delivered to the last known address of the responsible party.
- B. Transmission service will be refused or disconnected, after notice as set forth below, for any of the following reasons:
1. Without notice in the event of a condition on the customer's premises determined by the Carrier to be hazardous.
 2. Without notice in the event of customer's use in a manner which may adversely affect the Carrier's equipment or service to others.
 3. Without notice in the event of tampering with equipment furnished and owned by the Carrier.
 4. Without notice in the event of unauthorized use.
 5. After five (5) days written notice, for violation of or noncompliance with the Carrier's rules on file with the Commission, the requirements of municipal ordinances or law pertaining to the services.
 6. After five (5) days written notice for failure of the customer to permit Carrier reasonable access to its equipment.
 7. Upon five (5) days prior written notice for nonpayment of any regulated sum due to Carrier.

ISSUED:

EFFECTIVE:

ISSUED BY: Richard Mangiarelli, President
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TELECOMMUNICATIONS SERVICES TARIFF

2.7.2 Disconnection of Service by Carrier (contd.)

8. After five (5) days written notice, for failure of the customer or prospective customer to furnish any service equipment, permits, certificates or rights of way specified by Carrier to be furnished as a condition for obtaining service, or for the withdrawal of that same equipment or the termination of those permissions or rights, or for the failure of the customer or prospective customer to fulfill the contractual obligations imposed upon the customer as conditions of obtaining service.

2.7.3 Fractional Credits for Monthly Billed Services

Credits for a fractional part of a month are calculated by counting the number of days remaining in the billing period after service was discontinued. The number of days remaining in the billing period is divided by thirty and the resultant fraction is then multiplied by the monthly charge to arrive at the credit amount.

ISSUED:**EFFECTIVE:**

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TELECOMMUNICATIONS SERVICES TARIFF

SECTION 3 - DESCRIPTION OF SERVICE AND RATES

3.1 Timing of Calls

The customer's monthly usage charges for Carrier service are based upon the total number of minutes the customer uses and service options subscribed to. Chargeable time begins when the connection is established between the calling station and the called station or PBX. Chargeable time ends when either party "hangs up."

3.2 Service Period

For billing purposes, the start of service is the first day on which service is available for use by the customer. The end of service date is the last day or any portion of the last day for which service was provided by Carrier.

3.3 Interconnection

Service furnished by Carrier may be interconnected with services or facilities of other authorized communications common carriers and with private systems, subject to the technical limitations established by Carrier. Service furnished by Carrier is not part of a joint undertaking with such other carriers. Any special interface equipment shall be provided at the customer's expense.

Interconnection with the facilities or services of other carriers shall be under the applicable terms and conditions of this tariff. The customer is responsible for taking all necessary legal steps for interconnecting his customer-provided terminal equipment or communications systems with Carrier's. The customer shall secure all licenses, permits, right-of-ways, and other arrangements necessary for such interconnection.

ISSUED:

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3.4 Terminal Equipment

3.4.1 Carrier's service may be used with or terminated in customer provided terminal equipment or customer provided communication systems, such as teleprinters, handsets, or data sets. Such terminal equipment shall be furnished and maintained at the expense of the customer. The customer is responsible for all costs at his premises, including customer personnel, wiring, electrical power, and the like incurred in his use of Carrier's service.

3.4.2 When terminal equipment is used, the equipment shall not interfere with service furnished to other customers. Additional protective equipment, if needed, shall be employed at the customer's expense.

3.5 Calculation of Distance

Usage charges for any 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 and associated vertical and horizontal coordinates generally used within the industry.

$$\text{Formula: } \frac{\sqrt{(V1 - V2)^2 + (H1 - H2)^2}}{10}$$

3.6 Minimum Call Completion Rate

The customer can expect a call completion rate of 99% of calls attempted during peak use periods for Feature Group D (1+) services.

3.7 Promotional Offerings

The Company may, from time to time, make promotional offerings to enhance marketing of services. These promotional offerings will be subject to Commission approval prior to implementation.

ISSUED:**EFFECTIVE:**

ISSUED BY: Richard Mangiarelli, President
Cybertel, Communications Corp.
4320 La Jolla Village Dr., Suite 205
San Diego, CA 92122

TELECOMMUNICATIONS SERVICES TARIFF

3.8 Services Offerings

The company will provide the following services:

3.8.1 Message Toll Service (MTS)

"1+" Dialing is achieved by customer's telephone lines being programmed by the local telephone company (LEC) to automatically route 1+ calls to the Company's network.

3.8.2 Inbound Service (800/888)

Inbound Service is virtual banded inbound toll service which permits calls to be completed at the subscriber's location without charge to the calling party. Access to the service is gained by dialing a ten digit telephone number which terminates at the customer's location. Inbound services originate via normal shared use facilities and are terminated via the customers' local exchange service access line.

Carrier will accept a prospective inbound service customer's request for up to ten (10) telephone numbers and will reserve such number(s) on a first come first serve basis. All requests for number reservations must be made in writing, dated and signed by a responsible representative of the customer. Carrier does not guarantee the availability of number(s) until assigned. The telephone number(s) so requested, if found to be available, will be reserved for and furnished to the eligible customer.

If a customer who has received an 800/888 number does not subscribe to the Company's inbound service within 90 days, the Company reserves the right to make the assigned number available for use by another customer.

ISSUED:**EFFECTIVE:**

ISSUED BY: Richard Mangiarelli, President
Cybertel, Communications Corp.
4320 La Jolla Village Dr., Suite 205
San Diego, CA 92122

TELECOMMUNICATIONS SERVICES TARIFF

3.8.3 Travel Card Service

Allows subscribers to place calls by gaining access to the network via a toll free number and personal identification number (PIN) issued by the Company.

3.8.4 Directory Assistance

Directory Assistance will be provided by the Carrier at the per call charge as set forth in Section 4 of this tariff.

3.8.5 Operator Services

The Company does not provide operator services. Operator assisted calls are defaulted to and billed directly by the underlying carrier.

ISSUED:

EFFECTIVE:

ISSUED BY: Richard Mangiarelli, President
Cybertel, Communications Corp.
4320 La Jolla Village Dr., Suite 205
San Diego, CA 92122

TELECOMMUNICATIONS SERVICES TARIFF

SECTION 4 - RATES AND CHARGES

4.1 Usage Charges and Billing Increments

4.1.1 Usage Charges

Usage charges are generally flat rated. However, if any usage charges are determined by the time of day rate periods and minutes of use within each rate period, the rate period is determined by the time and day of call origination at the customer's location.

4.1.2 Billing Increments

Usage is billed in accordance with the billing increments set forth in the individual product rate sections of this tariff. All partial usage will be rounded up to the next highest applicable billing increment.

4.1.3 Rounding

All calls are rounded to the next highest billing interval. Any partial cents per call will be rounded up to the next highest whole cent.

ISSUED:

EFFECTIVE:

ISSUED BY: Richard Mangiarelli, President
Cybertel, Communications Corp.
4320 La Jolla Village Dr., Suite 205
San Diego, CA 92122

TELECOMMUNICATIONS SERVICES TARIFF

4.2 Switched Access Outbound Rates

\$0.099 per minute.

Billed in six second increments.

4.3 Inbound Service

\$0.099 per minute.

Billed in six second increments.

4.4 Travel Card Rates

\$0.1900 per minute.

Billed in six (6) second increments.

Per call surcharge: None.

ISSUED:

EFFECTIVE:

ISSUED BY: Richard Mangiarelli, President
Cybertel, Communications Corp.
4320 La Jolla Village Dr., Suite 205
San Diego, CA 92122

TELECOMMUNICATIONS SERVICES TARIFF

4.5 Directory Assistance

Directory assistance will be provided at a charge of \$0.85 per call.

4.6 Late Payment Penalty

Customers will be charged 1.5% of any amounts owed to the Company beyond the due date as set forth within this tariff.

4.7 Dishonored Check Charge

All customers issuing dishonored check(s) will be charged a fee of \$20.00 per check.

4.8 Promotional Offerings

The Company may, from time to time, make promotional offerings to enhance marketing of services. These promotional offerings will be subject to Commission approval prior to implementation.

ISSUED:

EFFECTIVE:

ISSUED BY: Richard Mangiarelli, President
Cybertel, Communications Corp.
4320 La Jolla Village Dr., Suite 205
San Diego, CA 92122

TELECOMMUNICATIONS SERVICES TARIFF

4.9 Presubscribed Interexchange Carrier Charge (PICC)

A monthly Federal PICC shall be charged to each telephone number that is presubscribed to carrier per the following:

Primary residential line	\$1.04/line
Additional or secondary residential line	\$2.53/line
Single line business line	\$1.04/line
Multi-line business line	\$4.31/line

4.10 Universal Service Fund Charge

A monthly Federal Universal Service Fund tax shall be added to each bill based upon the total billed revenues.

4.11 Pay Telephone (Payphone) Surcharge

A surcharge shall be assessed for each call made from a pay telephone to an 800 number or using a travel card and dialing the carrier prefix in the form 101XXXX. Although collected on the customer's bill, this charge is reimbursed to pay telephone service provider.

ISSUED:**EFFECTIVE:**

ISSUED BY: Richard Mangiarelli, President
Cybertel, Communications Corp.
4320 La Jolla Village Dr., Suite 205
San Diego, CA 92122

EXHIBIT D

FINANCIAL STATEMENTS

CERTIFIED PUBLIC ACCOUNTANTS

**Malone
& Bailey, PLLC**

5444 WESTHEIMER SUITE 2000
HOUSTON, TEXAS 77056
TELEPHONE (713) 840-1210
FAX (713) 840-0031

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Cybertel Communications Corp.
La Jolla, California

We have audited the accompanying consolidated balance sheets of Cybertel Communications Corp. as of December 31, 1999 and 1998, and the related statements of consolidated income, stockholders' equity and cash flows for each of the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cybertel Communications Corp. as of December 31, 1999 and 1998, and the results of its operations and its cash flows for each of the years then ended.

MALONE & BAILEY, PLLC

February 25, 2000
Houston, Texas

Malone & Bailey, PLLC

CYBERTEL COMMUNICATIONS CORP.
CONSOLIDATED BALANCE SHEETS
December 31, 1999 and 1998

	<u>1999</u>	<u>(restated)</u> <u>1998</u>
ASSETS		
Current Assets		
Cash	\$ 643,952	\$ 146,209
Accounts receivable	41,542	105,583
Other current assets	<u>25,000</u>	<u>34,500</u>
Total Current Assets	<u>710,494</u>	<u>286,292</u>
Equipment, net of \$195,931 and \$108,116 accumulated depreciation	138,038	108,116
Deposits	<u>4,500</u>	<u>5,155</u>
TOTAL ASSETS	<u><u>853,031</u></u>	<u><u>399,563</u></u>
LIABILITIES & STOCKHOLDERS' EQUITY		
Current Liabilities		
Current portion of long-term debt	3,774	31,271
Notes payable	485,754	47,676
Accounts payable	211,105	107,282
Accounts payable to shareholders		146,946
Accrued expenses	240,805	80,582
Deferred revenue		<u>144,500</u>
Total Current Liabilities	941,438	558,257
Long-term Debt	<u>2,332</u>	<u>2,575</u>
Total Liabilities	<u><u>943,770</u></u>	<u><u>560,832</u></u>
STOCKHOLDERS' EQUITY		
Preferred stock, no par value, 5,000,000 shares authorized, no shares issued or outstanding		
Common stock, \$.001 par value, 20,000,000 shares authorized, 4,515,659 and 3,506,659 shares issued and outstanding, respectively	4,515	3,507
Paid in capital	3,646,318	1,326,531
Retained (deficit)	<u>(3,741,571)</u>	<u>(1,491,306)</u>
TOTAL STOCKHOLDERS' EQUITY	<u><u>(90,738)</u></u>	<u><u>(161,269)</u></u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 853,032</u></u>	<u><u>\$ 399,563</u></u>

See accompanying accounting policies
and notes to financial statements.

CYBERTEL COMMUNICATIONS CORP.
 CONSOLIDATED INCOME STATEMENTS
 For the Years Ended December 31, 1999 and 1998

	<u>1999</u>	<u>(restated) 1998</u>
Revenues	\$ 3,105,570	\$ 2,572,731
Cost of sales	<u>2,391,843</u>	<u>1,770,864</u>
	713,727	801,857
Operating Expenses		
Selling	119,661	166,593
General and administrative		
- paid in cash or accrued	1,443,215	670,417
- paid in stock	1,045,500	976,218
Research and development	145,848	144,000
Depreciation	59,855	50,084
Interest (income)	(11,503)	(2,875)
Interest expense	<u>161,416</u>	<u>14,222</u>
Total Operating Expenses	<u>2,963,992</u>	<u>2,018,659</u>
NET INCOME (LOSS)	<u>\$ (2,250,365)</u>	<u>\$ (1,216,792)</u>
Net (loss) per common share	\$(0.56)	\$(0.48)
Weighted average common shares outstanding	4,010,984	2,558,025

See accompanying accounting policies
 and notes to financial statements.

P.04

CYBERTEL COMMUNICATIONS CORP.
STATEMENTS OF CONSOLIDATED STOCKHOLDERS' EQUITY
For the Years Ended December 31, 1999 and 1998

	<u>Common Stock</u>		<u>Stock</u>		<u>Retained</u>	
	<u>Shares</u>	<u>\$</u>	<u>Subscrip.</u>	<u>Paid in</u>	<u>Deficit</u>	<u>Totals</u>
			<u>Rec.</u>	<u>Capital</u>		
Balances,						
December 31, 1997	1,716,050	\$1,716	\$(25,000)	\$304,686	\$(274,515)	\$ 6,887
Shares issued for						
purchase of						
Telenomics:	600,000	600		(206,143)		(205,543)
Like Dat Music:	100,000	100		19,361		19,461
Stock issued						
- for cash	393,750	394		376,606		377,000
less:						
subscriptions						
receivable			(88,500)			(88,500)
- for services	696,859	697		1,393,021		1,393,718
- less costs of						
fundraising						
- in cash paid				(30,000)		(30,000)
- in stock issued				(417,500)		(417,500)
Net income (loss)						
- Cybertel					(1,164,640)	(1,164,640)
- Telenomics					128,819	128,819
- Like Dat Music					(180,970)	(180,970)
Balances,						
December 31, 1998						
(as restated)	3,506,659	3,507	(113,500)	1,440,031	(1,491,306)	(161,269)
Stock issued						
for cash	654,550	654		1,160,646		1,161,300
less:						
subscriptions						
receivable			(6,000)			(6,000)
for services	229,100	229		1,145,271		1,145,500
- for debt						
interest	125,000	125		116,870		116,995
- less costs of						
fundraising						
- in stock						
issued				(97,000)		(97,000)
Net (loss)						
- Cybertel					(2,237,854)	(2,237,854)
- Telenomics					(121,682)	(121,682)
- Like Dat Music					109,271	109,271
Balances,						
December 31, 1999	<u>4,515,309</u>	<u>\$4,515</u>	<u>\$(119,500)</u>	<u>\$3,765,818</u>	<u>\$(3,741,571)</u>	<u>\$(90,738)</u>

See accompanying accounting policies
and notes to financial statements.

CYBERTEL COMMUNICATIONS CORP.
 STATEMENTS OF CONSOLIDATED CASH FLOWS
 For the Years Ended December 31, 1999 and 1998

	<u>1999</u>	<u>(restated) 1998</u>
CASH FLOWS USED BY OPERATING ACTIVITIES		
Net income (loss)	\$(2,250,265)	\$(1,216,792)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	59,855	50,084
Stock issued for services & interest	1,165,495	992,218
Changes in:		
Accounts receivable	64,041	18,907
Other current assets	(25,000)	800
Accounts payable	128,655	11,255
Amounts payable to shareholders	(12,100)	(17,169)
Accrued expenses	29,303	(1,334)
Deferred revenue	(144,500)	144,500
NET CASH USED BY OPERATING ACTIVITIES	<u>(984,516)</u>	<u>(17,531)</u>
CASH FLOWS USED BY INVESTING ACTIVITIES		
Purchase of equipment	(89,776)	(3,073)
Deposit refund	655	
NET CASH USED BY INVESTING ACTIVITIES	<u>(89,121)</u>	<u>(3,073)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term private debt placement	390,238	
Repurchase of stock		(35,000)
Payments on installment debt	(27,043)	(29,146)
Net change in credit lines	22,285	
Sales of common stock, net of costs of fundraising	1,185,900	224,000
NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>1,571,381</u>	<u>159,854</u>
NET INCREASE IN CASH	497,743	139,250
CASH BALANCES		
- Beginning of period	146,209	6,959
- End of period	<u>\$ 643,952</u>	<u>\$ 146,209</u>
SUPPLEMENTAL DISCLOSURES		
Interest paid	\$ 16,591	\$ 13,460
Income taxes paid	0	0

See accompanying accounting policies
and notes to financial statements.

CYBERTEL COMMUNICATIONS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - ACCOUNTING POLICIES

Nature of Business. Cybertel Communications Corp. ("Company") was incorporated in Nevada in June, 1996. The Company sells telecommunications services to commercial customers and began operations in 1997. In early 2000, the Company ceased buying long-distance capacity from large carriers, and signed contracts with MCI-Worldcom, Bell Atlantic, and Level (3) Communications, LLC to install and support leased switches, to carry long-distance traffic. In December 1999, the Company acquired Telenomics, Inc. ("Telenomics") and Like Dat Music, Inc. ("LDM") by exchanging stock in transactions recorded using the pooling-of-interests method of accounting (see Note 2).

Telenomics sells Hewlett-Packard HP3000 minicomputers and develops and markets telephone productivity management and accounting software, principally using the Oracle and Informix databases running on the HP3000.

LDM is a full-service digital music producer and licensing agent for post-scoring, lyrics and sound design. LDM sells to ad agencies, networks, and multi-media companies.

1999 and 1998 financial statements are prepared on a consolidated basis, and have been restated to show the acquisitions of Telenomics and LDM as if they occurred on January 1, 1998, with consolidated operations since that date.

Estimates and assumptions. Preparing financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses at the balance sheet date and for the period then ended. Actual results could differ from these estimates.

Revenue recognition occurred when products or services are delivered. The Company earns a fractional portion of long-distance charges as a referral fee. Beginning May 1999, the Company began purchasing time from carriers and reselling it to its customers.

Equipment is computer-related and is stated at cost. Depreciation is computed by the straight-line method using rates based on estimated 3- to 5-year lives of the related assets.

Income taxes are computed using the tax liability method of accounting, whereby deferred income taxes are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates that will be in effect when the differences reverse.

Loss per share is reported under Statement No. 128 of the Financial Accounting Standards Board ("FAS 128"). FAS 128 replaced the calculation of primary and fully diluted earnings per share with basic and diluted earnings per share. Unlike primary earnings per share, basic earnings per share exclude any dilutive effects of options, warrants, and convertible securities. Diluted earnings per share are very similar to the previously reported fully diluted earnings per share. All earnings per share amounts for all periods have been presented and, where appropriate, restated to conform to the FAS 128 requirement. For 1998, warrants outstanding are not included in the earnings calculation because their effect in a loss year would be antidilutive.

CYBERTEL COMMUNICATIONS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - ACQUISITIONS OF TELENOMICS AND LDM

Telenomics was formed in 1982 and was acquired by the Company on December 23, 1999, by exchanging 600,000 shares of Company stock for 100% of the outstanding shares of Telenomics. LDM was formed in 1995 and was acquired by the Company on December 28, 1999, by exchanging 100,000 shares of Company stock for 100% of the outstanding shares of LDM. These two acquisitions were accounted for as poolings of interests and accordingly prior period financial statements have been restated to include the combined results of operations, financial position and cash flows of Telenomics and LDM.

There were no material transactions between the Company, Telenomics and LDM prior to the acquisitions. All accounting policies used are consistent.

SFAS No. 131, "Disclosures about Segments of an Enterprise" require disclosures of information about operating segments in annual financial statements. Operating segments are defined as components of an enterprise for which separate financial information is available that is evaluated regularly by the chief operating decision maker(s) in deciding how to allocate resources and in assessing performance. Here, both Telenomics and LDM were closely held prior to their acquisition by the Company. The owners of both continue to manage each business, and each is a distinctly different business. Telenomics and LDM will continue to be managed as separate business segments.

There are no foreign sales of any entity.

The following information presents certain balance sheet and income statement data as required by both SFAS No. 131 and APB Opinion No. 16:

	<u>Cybertel</u>	<u>Telenomics</u>	<u>LDM</u>	<u>Totals</u>
As of December 31, 1999:				
Current assets	\$ 411,940	\$ 297,542	\$ 1,013	\$ 710,495
Fixed assets				
Balances, 12-31-97	11,912	114,921	33,449	160,282
Additions, 1998	3,073			3,073
Additions, 1999	89,776			89,776
Depreciation, '98 & '99	<u>(28,029)</u>	<u>(54,116)</u>	<u>(28,449)</u>	<u>(110,594)</u>
Total fixed assets	<u>76,732</u>	<u>60,805</u>	<u>5,000</u>	<u>142,537</u>
Total assets	<u>\$ 488,671</u>	<u>\$ 358,347</u>	<u>\$ 6,013</u>	<u>\$ 853,032</u>
As of December 31, 1998:				
Total assets	<u>\$ 98,706</u>	<u>\$ 259,505</u>	<u>\$ 41,352</u>	<u>\$ 399,563</u>
Year Ended December 31, 1999:				
Revenues	\$1,601,689	\$1,084,916	\$ 418,965	\$3,105,570
Cost of sales	1,612,855	705,667	73,321	2,391,843
Selling, general and administrative	2,059,695	324,110	224,571	2,608,376
Research and development		145,848		145,848
Depreciation	25,629	23,121	11,105	59,855
Interest (income)	(11,503)			(11,503)
Interest expense	<u>152,866</u>	<u>7,853</u>	<u>697</u>	<u>161,416</u>
Net income (loss)	<u>\$ (2,237,853)</u>	<u>\$ (121,683)</u>	<u>\$ 109,271</u>	<u>\$ (2,250,265)</u>

CYBERTEL COMMUNICATIONS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - ACQUISITIONS OF TELENOMICS AND LDM (continued)

	<u>Cybertel</u>	<u>Telenomics</u>	<u>LDM</u>	<u>Totals</u>
Year Ended December 31, 1998:				
Revenues	\$ 16,004	\$2,302,209	\$ 254,518	\$2,572,731
Cost of sales		1,579,313	191,551	1,770,864
Selling, general and administrative	1,177,909	409,135	226,184	1,813,228
Research and development		144,000		144,000
Depreciation	2,400	30,995	16,689	50,084
Interest (income)	(1,926)	(949)		(2,875)
Interest expense	2,262	10,896	1,064	14,222
Net income (loss)	<u>\$ (1,164,641)</u>	<u>\$ 128,819</u>	<u>\$ (180,970)</u>	<u>\$ (1,216,792)</u>

Major customers (> 10% of individual segment sales revenues) include Telenomics (Clark County, Washington, 36% in 1999; Gregg Appliances, Inc., 15% in 1998), and LDM (Prolong Super Lubricants, Inc., 69% in 1999). Telenomics buys substantially all of its Hewlett-Packard computer equipment from a single distributor, but has the right to buy from other authorized distributors. No other single customers nor any vendors comprise more than 10% of any single segment's total revenues or costs.

NOTE 3 - NOTES PAYABLE

In November and December 1999, the Company obtained net proceeds of \$390,238 in loans with a face value of \$500,000, due 6 months from origination. Total interest costs include the \$109,762 discount, face interest at 14% and the value of 125,000 shares issued in connection with this transaction. The interest is accrued along the 6-month life of the loans. As of December 31, 1999, total interest charges of \$769,762 is allocated \$144,093 to 1999 and \$625,669 to 2000. The carrying amount of \$417,336 includes the \$390,238 principal plus \$27,098 in accrued interest.

Telenomics has a \$50,000 line of credit with Bank of America, N.A. This account allows for the extension of credit on demand, and is not collateralized. The credit line accrues interest at Bank's prime rate plus 4.525%. The balance as of December 31, 1999, is \$47,388.

Other notes payable total \$21,030 to various banks and credit cards, is unsecured, and bears interest at 12% - 18%.

NOTE 3 - INSTALLMENT DEBT

The Company capitalized three equipment leases payable in 16 to 26 equal remaining monthly installments totaling \$370, using a 10% discount factor. The debt is secured by the equipment, with a net book value as of December 31, 1999, of \$6,069. The total remaining principal portion of \$6,106 is due \$3,774 in 2000, \$2,044 in 2001, and \$288 in 2002.

NOTE 3 - ACCOUNTS PAYABLE TO SHAREHOLDERS

In 1997, a Company founding shareholder loaned \$12,700 to the Company. This loan was repaid in 1999. The founding shareholder of Telenomics was owed

CYBERTEL COMMUNICATIONS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - ACCOUNTS PAYABLE TO SHAREHOLDERS (continued)

accrued salary of \$145,746 as of December 31, 1997. Portions were paid in 1998 and 1999, with the balance remaining at \$130,946 as of December 31, 1999.

NOTE 4 - INCOME TAXES

As of December 31, 1999, the Company has approximately \$3,600,000 in unused unconsolidated net operating loss carryforwards which expire \$250,000 in 2014, 1,150,000 in 2018 and \$2,200,000 in 2019. Internal Revenue Code Section 382 restricts the ability to use these carryforwards whenever an ownership change as defined occurs. The Company incurred such an ownership change on September 28, 1998, when the total of cash sales to the public and stock issued for services exceeded this 50% level. As a result of this ownership change, \$800,000 of the Company's net operating loss available to offset future profits is restricted to \$140,000 per year.

Net prior operating losses of Telenomics are not available to offset future income as the ownership of the Company changed 100% when it was acquired by the Company. LDM was an S Corporation, with all income and losses passing through to its shareholders until its acquisition by the Company.

NOTE 5 COMMON STOCK

During 1999 and 1998, the Company sold 651,550 and 393,750 shares of stock for net proceeds of \$1,154,646 and \$376,100, respectively, pursuant to two placement offerings exempt from registration under Rule 504 of the Securities and Exchange Commission. "Subscriptions receivable" represents shares issued for cash in 1998 and collected in early 1999. The \$88,500 balance is shown as a reduction in Stockholders' Equity.

General and administrative expenses paid in stock were \$1,045,500 and \$976,218 in 1999 and 1998, respectively.

NOTE 6 - PRIOR STOCK REPURCHASE BY SUBSIDIARY

At formation in 1995, LDM had a 90% majority shareholder and a California couple as 10% minority shareholders. The 10% minority shareholders loaned the Company \$240,000 in 1995 and 1996. As partial consideration for the loan, an additional 10% of LDM was transferred by the majority to the minority shareholders. One of the minority shareholders died in early 1998. LDM negotiated a settlement with the surviving spouse whereby the \$240,000 loan and accrued interest was contributed to capital and the stock was repurchased by LDM for \$35,000, which was paid March 27, 1998.

NOTE 7 - OPERATING LEASES

The Company maintains office space in La Jolla and Temecula, California. Total rent obligations are \$10,536 per month for up to 36 months. Minimum lease payments due are \$107,896 in 2000, \$126,432 in 2001, \$30,432 in 2002, and \$2,536 in 2003.

CYBERTEL COMMUNICATIONS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - SUBSEQUENT EVENTS

The Company received net proceeds of \$2,830,125 in February 2000 in connection with a private placement of \$3 million in 6% Convertible Preferred Stock. This preferred stock is convertible to Company common stock at any time at a formula approximating market value. 225,000 warrants were issued to investors in connection with this funding, and these have an exercise price of \$17.40 per share.

On February 14, 2000, the Company began another private placement to sell up to 1 million common shares at \$8 per share. As of February 25, 2000, 15,000 shares have been sold in this offering for \$120,000 gross proceeds.

EXHIBIT E

LIST OF 20% OR GREATER SHAREHOLDERS

The Company's shares are publicly traded, and, therefore, its ownership interest change on a daily basis. However, no corporate officer currently holds a 20% share or greater.

EXHIBIT F

INITIAL DATA REQUESTS

**State of South Dakota
Public Utilities Commission**

INITIAL STAFF DATA REQUEST

REGARDING APPLICATION OF
Cybertel, Communications Corp.

- Q.1. Has the company received a certificate of authority to do business in South Dakota from the Secretary of State? If so, please provide a copy. If not, has the company made application to the Secretary of State for authority?
- A.1. The Company's certificate of authority to do business in South Dakota is attached to its application as **Exhibit A.**

**State of South Dakota
Public Utilities Commission**

INITIAL STAFF DATA REQUEST

REGARDING APPLICATION OF
Cybertel, Communications Corp.

- Q.2. Has the company retained a registered agent for service of process in the State of South Dakota? If so, provide the name, address, and telephone number of the registered agent. If not, is the company in the process of retaining a registered agent?
- A.2. The Company has retained as its registered agent within the State of South Dakota, National Registered Agents, Inc., 300 South Phillips Avenue, Suite 300, Sioux Falls, SD 57102.

**State of South Dakota
Public Utilities Commission**

INITIAL STAFF DATA REQUEST

REGARDING APPLICATION OF
Cybertel, Communications Corp.

Q.3. List the states in which the company is presently doing intrastate business. Also provide the date service was started in each state.

A.3.	<u>State</u>	<u>Date</u>
	Colorado	Registered 05/23/00 - began operations 06/00
	Idaho	Authorized 07/03/00 - has not begun operations
	Indiana	Certified 05/23/00 - began operations in 06/00
	Kansas	Certified 06/19/00 - currently initiating operations
	Missouri	Certified 03/08/00 - has not begun operations
	Montana	Registered 03/30/00 - began operations in 04/00
	New Jersey	Authorized 07/08/00 - currently initiating service.
	North Carolina	Certified 05/31/00 - began operations 06/00
	North Dakota	Certified 06/20/00 - currently initiating operations.
	Oregon	Certified 06/16/00 - began operations 07/00
	Texas	Registered and operating
	Utah	1+ resale is not regulated - began operations 01/00

**State of South Dakota
Public Utilities Commission**

INITIAL STAFF DATA REQUEST

**REGARDING APPLICATION OF
Cybertel, Communications Corp.**

Q.4. List the states in which the company is registered or certified to do business by the respective state public utility commission.

A.4. The company has registered with or obtained certification from the following public utility commission(s) or comparable agencies:

<u>State</u>	<u>Date</u>
Colorado	Registered 05/23/00
Idaho	Authorized 07/03/00
Indiana	Certified 05/23/00
Kansas	Certified 06/19/00
Missouri	Certified 03/08/00
Montana	Registered 03/30/00
New Jersey	Authorized 07/08/00
North Carolina	Certified 05/31/00
North Dakota	Certified 06/20/00
Oregon	Certified 06/16/00
Texas	Registered (date unavailable)

**State of South Dakota
Public Utilities Commission**

INITIAL STAFF DATA REQUEST

REGARDING APPLICATION OF
Cybertel, Communications Corp.

Q.5. Does the company have any registrations or certifications pending before other state public utility commissions? If yes, list the states.

A.5. The company has certifications or registrations pending in the following states:

Alabama
Arkansas
California
Delaware
Florida
Georgia
Illinois
Louisiana

Massachusetts
Nebraska
New York
Oklahoma
Rhode Island

The Company is in the process of applying for authority/certification in a majority of the remaining states.

**State of South Dakota
Public Utilities Commission**

INITIAL STAFF DATA REQUEST

REGARDING APPLICATION OF
Cybertel, Communications Corp.

- Q.6. Has the company been denied registration or certification by public utility commissions in any state? If so, provide the state, docket number, date of denial and reason for denial.
- A.6. No.

**State of South Dakota
Public Utilities Commission**

INITIAL STAFF DATA REQUEST

REGARDING APPLICATION OF
Cybertel, Communications Corp.

- Q.7. What are the reasons for the company seeking authority to conduct business in South Dakota?
- A.7. The Company intends to provide services on a nationwide basis.

**State of South Dakota
Public Utilities Commission**

INITIAL STAFF DATA REQUEST

REGARDING APPLICATION OF
Cybertel, Communications Corp.

- Q: Is this registration part of a nationwide or regionwide application process before public utility commissions? If yes, state why South Dakota is included.
- A: Yes. The Company does intend to provide service in all of the contiguous United States. South Dakota is included since many customers from other states will also have needs within the state of South Dakota.

**State of South Dakota
Public Utilities Commission**

INITIAL STAFF DATA REQUEST

REGARDING APPLICATION OF
Cybertel, Communications Corp.

- Q.9. When does the company intend to provide intrastate service to South Dakota subscribers?
- A.9. The company intends to begin providing service in South Dakota as soon as is practical after its certification.

**State of South Dakota
Public Utilities Commission**

INITIAL STAFF DATA REQUEST

**REGARDING APPLICATION OF
Cybertel, Communications Corp.**

Q.10. If the company is providing intrastate service in South Dakota, when was it started?

A.10. The company has not and is not currently providing intrastate service in South Dakota.

**State of South Dakota
Public Utilities Commission**

INITIAL STAFF DATA REQUEST

REGARDING APPLICATION OF
Cybertel, Communications Corp.

Q.11. How does the company handle customer billings?

A.11. The Company's customers are billed directly on a monthly basis.

State of South Dakota
Public Utilities Commission

INITIAL STAFF DATA REQUEST

REGARDING APPLICATION OF
Cybertel, Communications Corp.

Q.12 How does the company handle customer service matters?

A.12 The Company has Customer Service personnel available via a toll free number which is set forth on all bills.

**State of South Dakota
Public Utilities Commission**

INITIAL STAFF DATA REQUEST

REGARDING APPLICATION OF
Cybertel, Communications Corp.

Q. 13. Does the company have a toll-free telephone number for customer service? If so, what is it and is it included in the company's tariffs.

A. 13. 1-800-370-1213. This toll free number is set forth in the Company's tariff.

**State of South Dakota
Public Utilities Commission**

INITIAL STAFF DATA REQUEST

**REGARDING APPLICATION OF
Cybertel, Communications Corp.**

Q.14. Where is the customer service department located?

A.14. The Company's customer service department is located in San Diego, California.

**State of South Dakota
Public Utilities Commission**

INITIAL STAFF DATA REQUEST

REGARDING APPLICATION OF
Cybertel, Communications Corp.

Q.15 How many customer service personnel are available to answer customer concerns?

A.15 The Company currently has 3 customer service personnel.

**State of South Dakota
Public Utilities Commission**

INITIAL STAFF DATA REQUEST

REGARDING APPLICATION OF
Cybertel, Communications Corp.

Q 16. Does the company contract with other companies for customer services? If yes, provide their name, address and telephone number.

A 16. No.

State of South Dakota
Public Utilities Commission

INITIAL STAFF DATA REQUEST

REGARDING APPLICATION OF
Cybertel, Communications Corp.

Q.17 Does the company own any telecommunications facilities? If so, where and what

A.17 No. The company does not own any telecommunications facilities.

State of South Dakota
Public Utilities Commission

INITIAL STAFF DATA REQUEST

REGARDING APPLICATION OF
Cybertel, Communications Corp.

- Q. 18. Does the company have in-house service technicians to maintain the facilities? If not, who does the service?
- A. 18. No. The company does not have any facilities and, therefore, does not have any in-house service technicians.

**State of South Dakota
Public Utilities Commission**

INITIAL STAFF DATA REQUEST

**REGARDING APPLICATION OF
Cybertel, Communications Corp.**

Q.19. What types of intrastate telecommunication services will the company provide in South Dakota?

A.19. The company will provide resold MTS, Inbound 800/888 service, and Travel Card service.

State of South Dakota
Public Utilities Commission

INITIAL STAFF DATA REQUEST

REGARDING APPLICATION OF
Cybertel, Communications Corp.

Q.20 If the above services are resold services of another carrier, identify the carrier and the type of services purchased from that carrier.

A.20 The Company resells the services of MCI WorldCom.

State of South Dakota
Public Utilities Commission

INITIAL STAFF DATA REQUEST

REGARDING APPLICATION OF
Cybertel, Communications Corp.

Q.21. How does the company intend to market its services in South Dakota?

A.21. The company will market its services using mainly print advertising.

**State of South Dakota
Public Utilities Commission**

INITIAL STAFF DATA REQUEST

REGARDING APPLICATION OF
Cybertel, Communications Corp.

Q.22 How will potential customers be contacted?

A.22 Potential customers will be contacted via general print or other forms of media campaigns.

**State of South Dakota
Public Utilities Commission**

INITIAL STAFF DATA REQUEST

REGARDING APPLICATION OF
Cybertel, Communications Corp.

- Q.21** Will independent contractors and/or company sales people be selling the company services in South Dakota?
- A.21** The Company may use company sales personnel and independent sales agents in South Dakota, but has no agents at this time.

State of South Dakota
Public Utilities Commission

INITIAL STAFF DATA REQUEST

REGARDING APPLICATION OF
Cybertel, Communications Corp.

Q.21. If independent contractors are used, how does the company recruit such individuals?

A.21. The Company will recruit agents which are experienced in telecommunications sales.

**State of South Dakota
Public Utilities Commission**

INITIAL STAFF DATA REQUEST

**REGARDING APPLICATION OF
Cybertel, Communications Corp.**

- Q.25** Describe the training method undertaken by the company for independent contractors and company sale persons. Provide any materials used in the training process.
- A.25** The Company would use only experienced telecommunications agents.

State of South Dakota
Public Utilities Commission

INITIAL STAFF DATA REQUEST

REGARDING APPLICATION OF
Cybertel, Communications Corp.

Q.26. If sales are made through independent contractors, is there a written contract or agreement between the company and the independent contractor? If so, please provide a copy of the agreement.

A.26. The Company has no agents at this time.

**State of South Dakota
Public Utilities Commission**

INITIAL STAFF DATA REQUEST

**REGARDING APPLICATION OF
Cybertel, Communications Corp.**

Q.27 How are the sales individuals compensated, i.e. commission, salary, etc.?

A.27 Commissions paid based on volume of sales.

State of South Dakota
Public Utilities Commission

INITIAL STAFF DATA REQUEST

REGARDING APPLICATION OF
Cybertel, Communications Corp.

Q.22 Does the company engage in any multi-level marketing? If yes, provide a detailed explanation of the marketing procedure.

A.22 No

State of South Dakota
Public Utilities Commission

INITIAL STAFF DATA REQUEST

REGARDING APPLICATION OF
Cybertel, Communications Corp.

Q.29 Does the company have a target market?

A.29 The company markets its services to both residential and small business customers.

State of South Dakota
Public Utilities Commission

INITIAL STAFF DATA REQUEST

REGARDING APPLICATION OF
Cybertel, Communications Corp.

Q.10 Does the company market through nonprofit corporations or organizations? If so, please explain the methods used. How is the organization compensated? What types of organizations does the company or its agents solicit for assistance in sales?

A.10 The company does utilize "partner marketing" through associations.

**State of South Dakota
Public Utilities Commission**

INITIAL STAFF DATA REQUEST

**REGARDING APPLICATION OF
Cybertel, Communications Corp.**

Q.11 Provide copies of any company brochures used to assist in the sale of services.

A.11 No brochures are available.

**State of South Dakota
Public Utilities Commission**

INITIAL STAFF DATA REQUEST

REGARDING APPLICATION OF
Cybertel, Communications Corp.

Q.12 Please indicate whether the company will provide intraLATA and/or interLATA services.

A.12 The company will provide both interLATA and intraLATA services to the extent authorized by the Commission.

State of South Dakota
Public Utilities Commission

INITIAL STAFF DATA REQUEST

REGARDING APPLICATION OF
Cybertel, Communications Corp.

Q.11 Does the company have a volume discount plan? If so, does it combine intrastate and interstate usage?

A.11 No

State of South Dakota
Public Utilities Commission

INITIAL STAFF DATA REQUEST

REGARDING APPLICATION OF
Cybertel, Communications Corp.

Q.14 Provide cost support for all rates shown in the company's tariff.

A.14 The Company's rates are based on the rate at which the company purchases the service with an adjustment for market considerations.

1886

CYBERTEL COMMUNICATIONS CORPORATION

1-800-645-5557

BANK OF AMERICA

06984 NV
94-72-1224

7/19/2000

PAY TO THE
ORDER OF

South Dakota Public Utilities Commission

\$ **250.00

Two Hundred Fifty and 00/100*****

DOLLARS

South Dakota Public Utilities Commission



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South Dakota Public Utilities Commission

WEEKLY FILINGS

For the Period of August 10, 2000 through August 16, 2000

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact
Debra Kolbe within five business days of this filing. Phone: 605-773-3705 Fax: 605-773-3809

NATURAL GAS

NG00-006 In the Matter of the Filing by MidAmerican Energy Company for Approval of
Tariff Revisions.

MidAmerican Energy filed an application for approval of a revision to its South Dakota Gas
Sales Tariff, SD PUC Section VI, Third Revised Sheet No 3. cancels SD PUC Section VI,
Second Revised Sheet No. 3. The revision proposes to update the back of its standard bill
form, Sheet No. 3. MidAmerican proposes an effective date of September 12, 2000.

Staff Analyst: Michele Farris
Staff Attorney: Karen Cremer
Date Docketed: 08/10/00
Intervention Deadline: 09/01/00

TELECOMMUNICATIONS

TC00-122 In the Matter of the Application of Cybertel, Communications Corp. for a
Certificate of Authority to Provide Telecommunications Services in South
Dakota.

Cybertel, Communications Corp. is seeking a Certificate of Authority to provide resold
interexchange telecommunication services in South Dakota. The applicant intends to offer
message toll service, incoming 800/888, and travel card services.

Staff Analyst: Heather Forney
Date Docketed: 08/11/00
Intervention Deadline: 09/01/00

TC00-123 In the Matter of the Application of WorkNet Communications, Inc. for a
Certificate of Authority to Provide Telecommunications Services in South
Dakota.

WorkNet Communications, Inc. is seeking a Certificate of Authority to provide resold and
facilities based interexchange and local exchange telecommunication services in South
Dakota. The applicant intends to provide high speed data communications using facilities
based fixed wireless point to multi-point broadband data communications network as well as
leased local and long distance telephone facilities. The applicant's target market is small and
medium-sized businesses.

Staff Analyst: Keith Senger
Date Docketed: 8/16/00
Intervention Deadline: 9/01/00

TC00-124 In the Matter of the Filing for Approval of Transfer of Certificate of Authority from Quintelco, Inc. to Local Telcom Holdings, LLC, d/b/a Transpoint Communications.

Quintelco, Inc. is requesting that its Certificate of Authority to provide local exchange and interexchange telecommunications services in South Dakota be transferred to Local Telcom Holdings, LLC, d/b/a Transpoint Communications (Transpoint). As of April 20, 2000, the telecommunications license assets of Quintelco were sold to Transpoint.

Staff Analyst: Heather Forney
Date Docketed: 08/16/00
Intervention Deadline: 09/01/00

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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE APPLICATION OF)	ORDER GRANTING
CYBERTEL, COMMUNICATIONS CORP. FOR)	CERTIFICATE OF
A CERTIFICATE OF AUTHORITY TO PROVIDE)	AUTHORITY
TELECOMMUNICATIONS SERVICES IN)	
SOUTH DAKOTA)	TC00-122

On August 11, 2000, the Public Utilities Commission (Commission), in accordance with SDCL 49-31-3 and ARSD 20:10:24:02, received an application for a certificate of authority from Cybertel, Communications Corp. (Cybertel).

Cybertel proposes to offer message toll service, incoming 800/888 and travel card services. A proposed tariff was filed by Cybertel. The Commission has classified long distance service as fully competitive.

On August 17, 2000, the Commission electronically transmitted notice of the filing and the intervention deadline of September 1, 2000, to interested individuals and entities. No petitions to intervene or comments were filed and at its September 26, 2000, meeting, the Commission considered Cybertel's request for a certificate of authority. Commission Staff recommended granting a certificate of authority, subject to the condition that Cybertel not offer a prepaid calling card or require deposits or advance payments without prior approval of the Commission.

The Commission finds that it has jurisdiction over this matter pursuant to SDCL Chapter 49-31, specifically 49-31-3 and ARSD 20:10:24:02 and 20:10:24:03. The Commission finds that Cybertel has met the legal requirements established for the granting of a certificate of authority. Cybertel has, in accordance with SDCL 49-31-3, demonstrated sufficient technical, financial and managerial capabilities to offer telecommunications services in South Dakota. The Commission approves Cybertel's application for a certificate of authority, subject to the condition that Cybertel not offer a prepaid calling card or require deposits or advance payments without prior approval of the Commission. As the Commission's final decision in this matter, it is therefore

ORDERED, that Cybertel's application for a certificate of authority is hereby granted, effective October 11, 2000, subject to the condition that Cybertel not offer a prepaid calling card or require deposits or advance payments without prior approval of the Commission. It is

FURTHER ORDERED, that Cybertel shall file informational copies of tariff changes with the Commission as the changes occur.

Dated at Pierre, South Dakota, this 29th day of September, 2000.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that this document has been served today upon all parties of record by the docket, as listed on the docket service list, by first class mail, in properly addressed envelopes, with charges prepaid thereon.

Delaine Kelso

9/29/00

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

CERTIFICATE OF AUTHORITY

To Conduct Business As A Telecommunications Company
Within The State Of South Dakota

Authority was Granted September 26, 2000, effective October 11, 2000
Docket No. TC00-122

This is to certify that

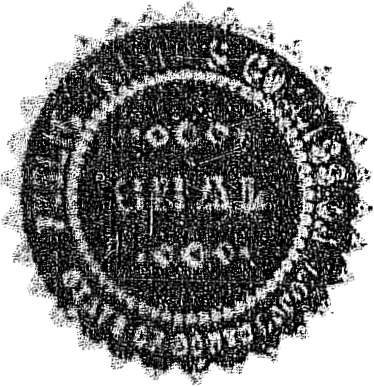
CYBERTEL, COMMUNICATIONS CORP.

is authorized to provide telecommunications services in South Dakota.

This certificate is issued in accordance with SDCL 49-31-3 and ARSD 20:10:24:02, and is subject to all of the conditions and limitations contained in the rules and statutes governing its conduct of offering telecommunications services.

Dated at Pierre, South Dakota, this 29th day of September, 2000.

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION:**



James A. Burg

JAMES A. BURG, Chairman

Pam Nelson

PAM NELSON, Commissioner

Laska Schoenfelder

LASKA SCHOENFELDER, Commissioner