

TC07-021



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November 20, 2008

RECEIVED

NOV 25 2008

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

Patty Van Garpen, Executive Director  
South Dakota Public Utilities Commission  
500 East Capital Avenue  
Pierre, SD 57501

RE: Replacement of Bond No. LPM7593193

Dear Director Van Garpen,

STi Prepaid, LLC ("STi") respectfully submits a new bond which serves as a replacement to bond no. LPM7593193. The new bond documentation is attached and a summary of the information is outlined below.

Principal: STi Prepaid, LLC

Bond #: 1024307

Coverage Amount: \$25,000

Effective Date: 10/21/2008

So that our records will be complete, please date stamp the extra copy of this letter and return in the enclosed self-addressed postage-paid envelope. If you have any questions concerning this filing, please contact me at the number (212) 660.2724, or by email at [Jenni.Partridge@stiprepaid.com](mailto:Jenni.Partridge@stiprepaid.com).

Sincerely,

*Jenni Partridge*

Jenni Partridge  
Regulatory Affairs Specialist

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INDEMNITY BOND  
TO THE  
PEOPLE OF THE STATE OF South Dakota

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

Bond No. 1024307

We, STi Prepaid, LLC, principal and provider of resold interexchange telecommunications services within the State of South Dakota and Lexon Insurance Company, as an admitted surety insurer, bind ourselves unto the Regulatory Commission of the State of South Dakota, an Obligee, in the penal sum of \$25,000.00

The total aggregate liability under this bond is limited to \$25,000.00 (Twenty Five Thousand Dollars)

The conditions of this obligation are such that the principal shall in all respects fully and faithfully comply with all applicable provisions of South Dakota law. This obligation shall be used to refund prepayments to individuals who have purchased prepaid telecommunications services of the principal if the principal is unable to provide such service or return the prepayments to its customers. Within twenty-four (24) hours of such event, principal shall provide to insurer a list of prepaid-calling service account codes it believes to be outstanding in the State of South Dakota together with the remaining balances. Bond insurer agrees to act as administrator of the funds and to distribute remaining account balances to individuals who request refunds in writing.

This bond shall take effect as of the date hereon and shall remain in full force and effect until the surety is released from liability by the written order of the South Dakota Regulatory Commission, provided that the surety may cancel this bond and be relieved of further liability hereunder by delivering thirty (30) days written notice to the South Dakota Regulatory Commission. Such cancellation shall not affect any liability incurred or accrued hereunder prior to the termination of said thirty (30) day period. The principal will promptly reissue a bond before the end of the thirty (30) day period for an amount equal to or greater than the value of this instrument unless the parties agree otherwise.

Dated this 21st day of October, 2008

STi Prepaid, LLC

  
THOMAS D'AURO, CFO

Lexon Insurance Company

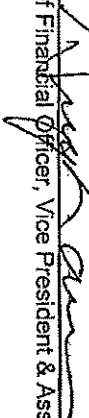
  
Joan Mularz, Attorney-in-Fact

LEXON INSURANCE COMPANY  
FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2007

ASSETS		LIABILITIES	
Bonds	\$37,540,369	Reserve for Losses and Loss Expense	\$9,385,540
Money Market &/or Stocks	0	Reserve for Unearned Premiums	27,936,840
Cash and Short-Term Investments	28,601,341	Reserve for Other Expenses	122,053
Agents Balances &/or Uncollected Premiums	5,183,905	Reserve for Taxes, Licenses, and Fees	246,065
Investment Income Due & Accrued	419,173	Reserve for Current federal income taxes	0
Funds Held or Deposited with Reinsurance Companies	0	Ceded Reinsurance Premiums Payable	336,191
Receivable from Parent, Subsidiaries and Affiliates	0	Funds Held Under Reinsurance Treaty	0
Reinsurance Recoverable on Loss Payments	0	Reserve for Unauthorized Reinsurance	0
Other Assets	5,724,036	Payable to Parent, Subsidiaries and Affiliates	94,903
		Other Liabilities	1,973,689
		Total Liabilities	<u>\$40,095,281</u>
		<b>POLICYHOLDERS' SURPLUS</b>	
		Capital Stock & Paid In Surplus	\$17,976,076
		Surplus	<u>19,397,467</u>
		Total Policyholder Surplus	<u>\$37,373,543</u>
Total Assets	<u>\$77,468,824</u>	Total Liabilities and Policyholder Surplus	<u>\$77,468,824</u>

CERTIFICATE

I certify that the above financial statements to the best of my knowledge are a true and accurate reflection of the financial condition of the Company as of December 31, 2007. Additionally, I certify that the above financial statements are in agreement with the Statutory Financial Statements filed with the Texas Department of Insurance as of the same date.

  
Chief Financial Officer, Vice President & Assistant Treasurer

POWER OF ATTORNEY

LX - 34656

Lexon Insurance Company

KNOW ALL MEN BY THESE PRESENTS, that LEXON INSURANCE COMPANY, a Texas Corporation, with its principal office in Louisville, Kentucky, does hereby constitute and appoint:

Neil C. Krauter, Andre S. Eichenholtz, Joan Mularz \*\*\*\*\*

\*\*\*\*\*

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of LEXON INSURANCE COMPANY on the 1st day of July, 2003 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond not to exceed \$2,500,000.00, Two-million five hundred thousand dollars, which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond of undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, LEXON INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 2nd day of July, 2003.



LEXON INSURANCE COMPANY

BY [Signature] David E. Campbell President

ACKNOWLEDGEMENT

On this 2nd day of July, 2003, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of LEXON INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

OFFICIAL SEAL MAUREEN K. AYE Notary Public, State of Illinois My Commission Expires 09/21/09

[Signature] Maureen K. Aye Notary Public

CERTIFICATE

I, the undersigned, Secretary of LEXON INSURANCE COMPANY, A Texas Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 21st Day of October, 2008



[Signature] Donald D. Buchanan Secretary