

603

Categories of Services for 214 Applications
(Streamline/Non-streamline)

- ASSIGNMENT OF LICENSE
- GLOBAL FACILITIES-BASED SERVICE
- GLOBAL FACILITIES-BASED/GLOBAL RESALE SERVICE
- GLOBAL RESALE SERVICE
- INDIVIDUAL FACILITIES-BASED SERVICE
- INTERCONNECTED PRIVATE LINE RESALE SERVICE
- LIMITED GLOBAL FACILITIES-BASED SERVICE/LIMITED GLOBAL RESALE SERVICE
- LIMITED GLOBAL FACILITIES-BASED SERVICE
- LIMITED GLOBAL RESALE SERVICE
- INMARSAT AND MOBILE SATELLITE SERVICE
- SWITCHED RESALE SERVICE
- TRANSFER OF CONTROL
- SUBMARINE CABLE LANDING LICENSE
- INTERNATIONAL SPECIAL PROJECT

Description of Application: _____

FCC/MELLON AUG 27 1998

COPY

SWIDLER BERLIN SHEREFF FRIEDMAN, LLP

WASHINGTON OFFICE
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August 26, 1998

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VIA OVERNIGHT DELIVERY

Streamlined ITC-T/C-19980827-00603
INNOVATIVE TELECOM CORPORATION

Federal Communications Commission
International Bureau Telecommunications Division
P. O. Box 358115
Pittsburgh, PA 15251-5115

Re: **EXPEDITED CONSIDERATION REQUESTED**

Application for Authority Pursuant to Section 214 of the Communications Act of
1934, as Amended, To Transfer Control of an Authorized International Carrier

Dear Sir or Madam:

On behalf of Innovative Telecom Corporation and Speer Communications Holdings Limited Partnership (collectively "Applicants"), enclosed for filing are an original and six (6) copies of the above-referenced application. Applicants respectfully request expedited treatment of this application to permit them to consummate the transfer of control described in this application as soon as possible but no later than October 31, 1998.

As required by the Commission's Rules, a check in the amount of \$745.00 is enclosed to cover the filing fee. Please date-stamp the enclosed extra copy of this application and return it in the self-addressed, postage paid envelope provided. Should you have any questions concerning this application, please do not hesitate to contact us.

Respectfully submitted,


Catherine Wang
Grace R. Chiu

Enclosures

cc: Troy Tanner (FCC)
Timothy Bass, Esq. (ITC)
Rachael E. Schwartz, Esq. (Baker & McKenzie)

245751.1

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of

)
)
INNOVATIVE TELECOM CORPORATION)
)
and)
)
)

SPEER COMMUNICATIONS)
HOLDINGS LIMITED PARTNERSHIP.)

File No. ~~IPC-98-~~
ITC-T/c-19980827-00603

)
)
Application for authority pursuant to)
Section 214 of the Communications Act)
of 1934, as amended, to transfer control of)
an authorized international carrier)

JOINT APPLICATION

Innovative Telecom Corporation ("Innovative") and Speer Communications Holdings Limited Partnership ("SCH") (collectively "Applicants"), by their undersigned counsel and pursuant to Section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214, and Section 63.18(e)(5) of the Commission's Rules, 47 C.F.R. § 63.18(e)(5), hereby request approval of a transaction whereby SCH will acquire ownership and control of Innovative, a nondominant common carrier holding international Section 214 authorization granted by this Commission in Docket No. ITC-93-135 (May 12, 1993). Neither SCH nor any of its affiliates currently is affiliated with Innovative.

As fully described herein, approval of the transfer will permit SCH and Innovative to realize significant economic and marketing efficiencies which will enhance their ability to continue providing high quality, low cost telecommunications services and to compete more effectively in

the international telecommunications marketplace. Accordingly, grant of this Application will benefit the public interest.

Applicants respectfully request expedited treatment of this Application in order to permit them to consummate the proposed transfer of control transaction no later than October 31, 1998. In support of this Application, Applicants submit the following information:

I. THE PARTIES

A. Innovative Telecom Corporation ("Innovative")

Innovative is a wholly owned subsidiary of Innovative Holding Corporation ("IHC"), a privately held Delaware holding company headquartered in Nashua, New Hampshire. Innovative is a nondominant carrier that provides resold telecommunications services, including debit card services, in all 50 states by virtue of certification, registration or tariff requirements, or on a deregulated basis. Information concerning Innovative's legal, technical, managerial, and financial qualifications to provide telecommunications services was filed with Innovative's application for authority to provide international service under section 214 of the Communications Act of 1934, 47 U.S.C. § 214, filed with this Commission in Docket No. ITC-93-135. That information is, therefore, already a matter of public record at the Commission and Applicants request that it be incorporated by reference herein.

B. Speer Communications Holdings Limited Partnership ("SCH")

SCH is a Nevada limited partnership headquartered in Nashville, Tennessee. SCH is part of the Speer family of companies, which are well-established in media, broadcast, and common carrier communications. As described below, the proposed transfer of control will be accomplished through a transaction whereby Innovative's parent company, Innovative Holding

Corporation ("IHC"), will merge with and into Precision Systems, Inc. ("Precision"), a subsidiary of SCH.^{1/} Precision, a Delaware corporation whose shares are publicly traded on the Nasdaq stock exchange, holds no telecommunications licenses from this or any other regulatory commission. SCH, through its majority ownership of Precision, is financially well-qualified to acquire control of Innovative. Attached hereto as Exhibit A are the pro forma financial statements for Precision, which indicate that, as of March 31, 1998, Precision will have total assets in excess of \$99.7 Million and total liabilities no greater than \$22.2 Million, and total revenues for the year ended December 31, 1997 exceeding \$52.8 Million. With its substantial financial resources and by virtue of Speer's extensive experience in media and broadcast communications, SCH is well-qualified to acquire control of Innovative.

II. THE TRANSACTION

SCH and Innovative have determined that they will realize significant economic and marketing efficiencies by establishing Innovative as a wholly-owned subsidiary of SCH. Accordingly, SCH and Innovative have executed a memorandum of understanding expressing the parties' agreement to transfer control of Innovative to SCH.

^{1/} SCH and certain other Speer affiliate companies have entered into an agreement with Precision whereby SCH will acquire control of Precision. Because Applicants anticipate that, at closing, SCH will have completed its acquisition of Precision, this Application identifies Precision as the SCH subsidiary that will merge with or become the direct parent of IHC. In the event, however, that SCH and Precision do not consummate Precision's acquisition by Speer, Speer intends to acquire control of Innovative through another Speer subsidiary. In such case or in the event of any other change in the planned corporate structure, Applicants will duly amend this Application to notify the Commission of the change in the transaction. Applicants emphasize here that, regardless of which Speer subsidiary will be employed to accomplish the acquisition, Speer intends to acquire ultimate ownership and control of Innovative.

The proposed transfer of control will be accomplished through a transaction whereby Innovative's parent company, IHC will merge with and into Precision. As a result of the transaction, Innovative will become a direct subsidiary of Precision and an indirect subsidiary of SCH. Following completion of the proposed transaction, Innovative will continue to provide international service to its customers under existing service arrangements and pursuant to its existing authorization.

While the proposed transaction will result in a change in the corporate parent of Innovative, it will not involve a change in the manner in which Innovative provides service to its customers. Those services currently being provided by Innovative will continue to be offered by that entity pursuant to tariffs on file with this Commission. Innovative, moreover, will continue to be led by a team of well-qualified telecommunications managers comprised, in part, of existing personnel. The transfer of control of Innovative to SCH, therefore, will be virtually transparent to the customers of Innovative in terms of the services that they receive.

III. PUBLIC INTEREST CONSIDERATIONS

Consummation of the proposed transaction will serve the public interest in promoting competition among providers of international telecommunications services by combining the financial resources and complementary managerial skills and experience of SCH and Innovative in providing telecommunications services to the public. Applicants anticipate that the contemplated business combination will result in a company better equipped to accelerate its growth as a competitive telecommunications service provider. The transfer of control will allow Applicants to manage their telecommunications operations more efficiently, thereby enhancing Applicants' operational flexibility and efficiency as well as their financial viability. These enhancements will

innure to the benefit of both carriers' customers, who will also benefit from the expanded array of services offered by each carrier. The proposed transaction will therefore ensure the continued provision of high quality and innovative telecommunications services to Innovative's existing customers and should promote competition in the international telecommunications service market. In sum, the proposed acquisition will benefit the public interest by enhancing the respective ability of SCH and Innovative to offer competitively priced services in the international marketplace.

IV. INFORMATION REQUIRED BY SECTION 63.18

Pursuant to Section 63.18(e)(5) of the Commission's Rules, 47 C.F.R. § 63.18(e)(5),

Applicants submit the following information:

- (a) Name and address of Applicants:
- Innovative Telecom Corporation
Two Harrison Street
Nashua, New Hampshire 03060
603/889-8411
- Speer Communications Holdings Limited Partnership
3201 Dickerson Place
Nashville, Tennessee 37207
615/650-6600
- (b) SCH is a limited partnership organized under the laws of the State of Nevada. Innovative is a corporation organized under the laws of the State of Delaware.
- (c) Correspondence concerning this Application should be sent to:

For Innovative:

Catherine Wang, Esq.
Grace R. Chiu, Esq.
Swidler Berlin Shereff Friedman, LLP
3000 K Street, N.W., Suite 300
Washington, D.C. 20007-5116
202/424-7500 (Tel)
202/424-7645 (Fax)

For SCH:

Rachael E. Schwartz, Esq.
Baker & McKenzie
815 Connecticut Avenue, N.W. Suite 900
Washington, D.C. 20006
202/452-7000 (Tel)
202/452-7073 (Fax)

- (d) SCH does not hold directly or indirectly section 214 authorization. An affiliate of SCH, Speer Virtual Media, Ltd., is authorized to provide facilities based and resold international telecommunications services pursuant to a section 214 authorization granted by the FCC. *See* File No. ITC-92-202 (May 29, 1997).

Innovative is authorized to provide resold international telecommunications services pursuant to section 214 authorization granted by the FCC. *See* File No. ITC-93-135, Public Notice Rep. No. I-6796 (rel. May 12, 1993).

- (e)(5) This application seeks authority for the transfer of control of Innovative, a nondominant common carrier holding international Section 214 authorization, to SCH, a limited partnership that does not currently hold international Section 214 authorization. SCH and Innovative currently are not affiliated with each other.

- (f) Not applicable.

- (g) Not applicable.

- (h) By the attached certification, SCH certifies that it has no affiliation with any foreign carrier, as defined by Section 63.18(h)(1) of the Commission's Rules. In support of this certification, attached hereto as Exhibit B is a list of SCH's 10 percent or greater equity ownership, including the address, citizenship and principal business of each such owner. In addition, attached hereto as Exhibit C is a list of all other directorates held by SCH's general partners, exclusive of charitable or trade association positions. SCH further certifies that it is not affiliated with the U.S. carrier(s) whose facilities-based service(s) SCH proposes to resell (either directly or indirectly through the resale of another reseller's service).

- (i) By the attached certification and as required by Section 63.18(i) of the Commission's Rules, SCH, the transferee, certifies that it has not agreed to accept nor shall it accept in the future any special concessions, as defined by the Commission's Rules, directly or indirectly from any foreign carrier or administration with respect to traffic or revenue flows on any U.S. international route where the foreign carrier possesses sufficient market power on the foreign end of the route to affect competition adversely in the U.S. market.

- (j) By the attached certification and as required by Section 63.18(j) of the Commission's rules, SCH, the transferee, certifies that no party to this Application is subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 853(a).

CONCLUSION

For the reasons stated herein, Speer Communications Holdings Limited Partnership and Innovative Telecom Corporation respectfully submit that the public interest, convenience, and necessity would be furthered by grant of this application for consent to the transfer of control of Innovative to SCH. Applicants respectfully request that the Commission authorize the transfer of control described herein to permit the Applicants to consummate the transaction no later than October 31, _____, 1998.

Respectfully submitted,

By:  _____

Catheline Wang, Esq.
Grace R. Chiu, Esq.
SWIDLER BERLIN SHEREFF FRIEDMAN, LLP
3000 K Street, N.W., Suite 300
Washington, D.C. 20007-5116
202/424-7500

Counsel for INNOVATIVE TELECOM CORPORATION

By:  _____

Rachael E. Schwartz, Esq.
BAKER & MCKENZIE
815 Connecticut Avenue, N.W. Suite 900
Washington, D.C. 20006
202/452-7000

Counsel for SPEER COMMUNICATIONS HOLDINGS
LIMITED PARTNERSHIP

Dated: August 11, 1998

LIST OF EXHIBITS

Financial Statements of the Transferee,
Precision Systems, Inc. A

List of 10% or Greater General Partners of the Transferee's Parent,
Speer Communications Holdings Limited Partnership B

Interlocking Partners of the Transferee's Parent,
Speer Communications Holdings Limited Partnership C

EXHIBIT A

**Financial Statements of the Transferee,
Precision Systems, Inc.**

Precision Systems, Inc.
 Unaudited Pro Forma Condensed Combined Balance Sheet
 (In Thousands)

March 31, 1998
 Pro Forma

Assets:	
Cash	\$ 17,430
Accounts receivable	10,545
Supplies & other current assets	2,089
Costs and earnings in excess of billings on uncompleted contracts	-
Total current assets	<u>34,595</u>
Property, plant & equipment, net	64,162
Intangible assets	961
Total assets	<u>\$ 99,782</u>
Liabilities:	
Current portion of long term debt	\$ 215
Accounts payable	6,126
Accrued expenses	7,055
Other current liabilities	6,253
Total current liabilities	<u>19,649</u>
Long-term debt, less current portion	247
Total liabilities	<u>22,147</u>
Stockholders' equity:	
Net assets to be exchanged	54,218
Common stock	1,413
Preferred stock, Series A	-
Additional paid-in capital	47,588
Accumulated deficit	(23,254)
Treasury stock	-
Accumulated preferred stock dividends	432
Foreign currency translation adjustment	-
Unearned compensation	(89)
Total stockholders' equity	<u>79,886</u>
Total liabilities and stockholders' equity	<u>\$ 99,782</u>

Precision Systems, Inc.
Unaudited Pro Forma Condensed Combined Statement of Operations
(In thousands, except share and per share data)

	Three Months March 31, 1998
	<u>Pro Forma</u>
Revenues	10,560
Cost of sales	6,611
Gross margin	3,949
Selling, general and administration	6,438
Research, engineering and development	1,165
Depreciation and amortization	2,779
Impairment of intangible assets	-
Operating loss	(6,433)
Other income and expense	49
Loss before income taxes	(6,384)
Loss from continuing operations	(6,384)
Loss per common share	(0.05)
Shares used in per share calculation	141,174,660

Precision Systems, Inc.
Unaudited Pro Forma Condensed Combined Statement of Operations
(In thousands, except share and per share data)

	Year Ended December 31, 1997
	<u>Pro Forma</u>
Revenues	52,864
Cost of sales	22,256
Gross margin	30,608
Selling, general and administration	33,700
Research, engineering and development	6,416
Depreciation and amortization	15,720
Impairment of intangible assets	14,286
Operating loss	(39,514)
Other income and expense	(208)
Loss before income taxes	(39,722)
Loss from continuing operations	(39,722)
Loss per common share	(0.28)
Shares used in per share calculation	141,018,621

EXHIBIT B

**10% or Greater General Partners of the Transferee's Parent,
Speer Communications Holdings Limited Partnership**

The following entity is the sole general partner of Speer Communications Holdings Limited Partnership:

Holdings Investments, Inc., a Nevada corporation

EXHIBIT C

**Interlocking General Partners of the Transferee's Parent,
Speer Communications Holdings Limited Partnership**

Holdings Investments, Inc., the sole general partner of Speer Communications Holdings Limited Partnership, is also the general partner of:

Speer Communications Holdings I Limited Partnership, a Nevada partnership

CERTIFICATION OF TRANSFEREE

I, O. G. Greene, Chief Executive Officer of Speer Communications Holdings Limited Partnership ("SCH"), hereby certify that SCH has no affiliation with any foreign carrier, as defined by Section 63.18(h)(1) of the Commission's Rules; that SCH is not affiliated with the U.S. carrier(s) whose facilities-based service(s) SCH proposes to resell (either directly or indirectly through the resale of another reseller's service); and that SCH has not agreed to accept nor shall SCH accept in the future any special concessions, as defined by the Commission's Rules, directly or indirectly from any foreign carrier or administration with respect to traffic or revenue flows on any U.S. international route where the foreign carrier possesses sufficient market power on the foreign end of the route to affect competition adversely in the U.S. market.

Further, I hereby certify that no party to the foregoing Application is subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988.

Further, I hereby certify that the statements in the foregoing Joint Application are true, complete, and correct to the best of my knowledge, information and belief.

SPEER COMMUNICATIONS HOLDINGS
LIMITED PARTNERSHIP

By:



(Signature)

⑈ 100289 ⑈ :0540012012030000061363⑈

PAY TO THE ORDER OF

FEDERAL COMMUNICATION COMMISSION

EXACTLY***745*DOLLARS AND*00*CENTS

SWIDLER BERLIN SHEREFF FRIEDMAN, LLP
3000 K STREET, N.W., SUITE 300
WASHINGTON, DC 20007

FIRST UNION
FIRST UNION NATIONAL BANK

15-122/540

NO. 100289

0100289

GENERAL ACCOUNT
TWO SIGNATURES REQUIRED ABOVE \$10,000

08/14/98 \$\$\$\$745.00

DATE AMOUNT

[Handwritten Signature]

(K1) LOCKBOX # 358115

PAGE NO. 1 OF 1

SPECIAL USE
FCC USE ONLY

SECTION A - PAYER INFORMATION

(2) PAYER NAME (If paying by credit card, enter name exactly as it appears on your card)
Swidler Berlin Shereff Friedman, LLP

(1) TOTAL AMOUNT PAID (dollars and cents)
745.00

(4) STREET ADDRESS LINE NO. 1

c/o Grace R. Chiu, Esquire

(3) STREET ADDRESS LINE NO. 2

3000 K Street, N.W., Suite 300

ITC-T/C-19980822-00603

(8) CITY

Washington

(7) STATE

D.C.

(9) ZIP CODE

20007-5116

(9) DAYTIME TELEPHONE NUMBER (include area code)

202/424-7783

(10) COUNTRY CODE (if not in U.S.A.)

**IF PAYER NAME AND THE APPLICANT NAME ARE DIFFERENT, COMPLETE SECTION B
IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C)**

SECTION B - APPLICANT INFORMATION

(11) APPLICANT NAME (If paying by credit card, enter name exactly as it appears on your card)
Innovative Telecom Corporation

(12) STREET ADDRESS LINE NO. 1

Two Harrison Street

(13) STREET ADDRESS LINE NO. 2

(14) CITY

Nashua

(15) STATE

NH

(16) ZIP CODE

03060

(17) DAYTIME TELEPHONE NUMBER (include area code)

603/889-8411

(18) COUNTRY CODE (if not in U.S.A.)

COMPLETE SECTION C FOR EACH SERVICE. IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEETS (FORM 159-C)

SECTION C - PAYMENT INFORMATION

(20A) PAYMENT TYPE CODE (PTC) C U T 1
(20B) PAYMENT TYPE CODE (PTC) 1
(20C) PAYMENT TYPE CODE (PTC) 1
(20D) PAYMENT TYPE CODE (PTC) 1
(20E) PAYMENT TYPE CODE (PTC) 1
(20F) PAYMENT TYPE CODE (PTC) 1
(20G) PAYMENT TYPE CODE (PTC) 1
(20H) PAYMENT TYPE CODE (PTC) 1
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(20Y) PAYMENT TYPE CODE (PTC) 1
(20Z) PAYMENT TYPE CODE (PTC) 1

745.00

SECTION D - TAXPAYER INFORMATION (REQUIRED)

PAYER TIN

0 1 3 2 6 7 9 6 7 6

APPLICANT TIN

0 2 0 4 8 4 5 1 2

SECTION E - CERTIFICATION

I, Grace R. Chiu, Certify under penalty of perjury that the foregoing and supporting information

are true and correct to the best of my knowledge, information and belief. SIGNATURE

SECTION F - CREDIT CARD PAYMENT INFORMATION

MASTERCARD
VISA
AMERICAN EXPRESS
DISCOVER
OTHER

EXPIRATION DATE
MONTH YEAR