

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

In the Matter of)	
)	
STi PREPAID, LLC)	
(FRN 0016004731))	
Section 214 Authorization Holder)	
)	WC Docket No. _____
)	
)	File No. ITC-_____
VIVARO CORPORATION)	
(FRN 0020199501))	
Transferee of Control)	
)	
Application for Section 214 Authorizations for a)	
Transfer of Control of International and Domestic)	
Telecommunications [Resale] Operations)	

JOINT APPLICATION

STi Prepaid, LLC (“STi”) and Vivaro Corporation (“Vivaro”) (jointly, the “Applicants”) hereby request authority of the Federal Communications Commission (“Commission”) pursuant to Section 214 of the Communications Act of 1934, as amended, 47 U.S.C. §214, and Sections 1.763, 63.03, 63.04, 63.18, and 63.24(e) of the Commission’s rules, 47 C.F.R. §1.763, 63.03, 63.04, 63.18, and 63.24(e), to transfer control of STi and all assets of STi to Vivaro.

I. Request for Streamlined Treatment of Application

Under Section 63.04(b) of the Commission’s rules, the Applicants are filing a combined domestic and international application for the transfer of control of STi and its assets to Vivaro. The Applicants respectfully request streamlined treatment of this Application pursuant to Sections 63.03 and 63.12 of the Commission’s rules.

This Application is eligible for streamlined processing pursuant to Section 63.03(b)(2) because: (1) the market share in the interstate, interexchange market of all companies controlled

by, and under common control with, Vivaro is and will be less than ten percent (10%); (2) STi provides and will continue to provide competitive telephone exchange service exclusively in geographic areas served by a dominant local exchange carrier that is not a party to the subject transaction or affiliated with any party to the transaction; and (3) none of the Applicants nor any of their affiliates are regulated as dominant with respect to any service.

This application also qualifies for streamlined treatment under Section 63.12 of the Commission's rules. None of the circumstances listed in subpart (c) of Section 63.12 is applicable to STi, Vivaro or companies affiliated with Vivaro. Vivaro is affiliated with Marcatel Com, S.A. de C.V. ("Marcatel"), a Mexican long distance and international carrier, which the Commission has found to have no "market power,"¹ Except for Vivaro's affiliation with Marcatel, STi and Vivaro will have no affiliation with any foreign carrier. Customers of STi and other companies controlled by, or under common control with, Vivaro will complete international calls by means of resale of the facilities of unaffiliated international telecommunications carriers. STi and Vivaro therefore qualify for a presumption of non-dominance pursuant to Section 63.10(a)(3) of the Commission's rules.

II. Applicants

A. STi Prepaid, LLC

STi is a limited liability company organized under the laws of Delaware. Its headquarters address is 1250 Broadway, 26th Floor, New York, NY 10001. STi has authority to provide

¹ In File No. ITC-T/C-20011221-00651, the International Bureau noted that Vivaro's affiliate Progress International, LLC was "affiliated" with a foreign carrier in Mexico, Marcatel. The decision found that "Marcatel has a limited market share, no market power, and a lack of control over bottleneck services or facilities." Vivaro certifies that Marcatel's market share in Mexico remains less than fifty percent (50%) (in fact, it is less than ten percent (10%)).

interstate and international telecommunications services from the Commission.² STi currently provides interstate and international telecommunications services throughout the United States.

B. Vivaro Corporation

Vivaro is a Delaware corporation. Its address is 1250 Broadway, 30th Floor, New York, NY 10001. Vivaro is a holding corporation for Epana Networks, Inc. which holds Commission Section 214 authorizations and is engaged in the resale of international and domestic telecommunications services by virtue of its operation as a provider of prepaid calling cards. Vivaro was acquired by Progress International, LLC (“Progress”) on June 18, 2010 in a transaction that is the subject of applications currently pending before the Commission.³

III. Description of the Transaction

On September 22, 2010, Vivaro entered into an agreement and plan of merger with STi whereby STi will merge into Vivaro Acquisition, LLC, (a wholly-owned subsidiary of Vivaro) with STi resulting as the surviving entity (the “Transaction”). As a consequence thereof, Vivaro will acquire all membership interests in STi and pay the current members of STi certain merger considerations in the form of cash.

IV. Public Interest Statement

The Transaction will further the public interest, convenience and necessity. Vivaro and its affiliates have the financial, technical and marketing capabilities to allow the STi to maintain and improve upon its position as a competitor in the prepaid telecommunications market. After the Transaction occurs, STi will provide the same high quality telecommunications services as are currently offered to the public.

² IB File Nos. ITC-214-20010220-00085, ITC-20020537-0093.

³ See WC Docket No. 10-163 and File No. ITC-T/C-20100723-00305.

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

The proposed Transaction does not present any anti-competitive issues. STi's total market share, combined with that of Vivaro's subsidiary Epana, will be less than ten percent (10%) of the international or interstate telecommunications markets. There will remain numerous other interexchange carriers and prepaid calling card service providers operating on a nationwide basis.

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

V. Information Required by Section 63.24(e) of the Commission's Rules for a Transfer of Control of a Section 214 Authorization Holder

In furtherance of this application, the Applicants submit the specific information pursuant to Section 63.24(e) of the Commission's rules. The following paragraphs refer to Sections (a) through (d), and (h) through (p), of Section 63.18.

(a) Name, address and telephone number of Applicants:

STi Prepaid, LLC
1250 Broadway, 26th Floor
New York, NY 10001

212-660-2714

Vivaro Corporation
1250 Broadway, 30th Floor
New York, NY 10001
Tel: 212-931-8773

(b) STi is a limited liability company organized under the laws of Delaware. Vivaro is a corporation organized under the laws of Delaware.

(c) Correspondence concerning this application should be sent to:

For the authorization holder:

STi Prepaid, LLC
Attention: James Continenza
1250 Broadway, 26th Floor
New York, NY 10001

For Vivaro:

Vivaro Corporation
c/o Progress International, LLC
Attn: Craig McBurnett
10190 Katy Freeway, Suite 410
Houston, TX 77043

With a copy to:

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

(d) STi holds the following international Section 214 authorizations which are the subject of this application: IB File Nos. ITC-214-20010220-00085, ITC-214-20020531-00293, for Global Facilities-Based Service and Global Resale Service to international

points. STi also holds blanket domestic Section 214 authority to provide domestic telecommunications services.

Vivaro does not provide telecommunications services and does not hold any Section 214 authorizations; however, the sole owner of Vivaro, named Progress International, LLC, has resale authority to provide international telecommunication services pursuant to the Commission's "Order, Authorization and Certificate" in File No. ITC-97-048, released on July 9, 1997. Progress operates as a wholesale provider of international telecommunications services. In addition, three transfers of control of Progress were approved under the File Numbers ITC-T/C-19990513 (July 2, 1999), ITC-T/C-19990804-00533 (October 26, 1999) and ITC-214-T/C-20011221-00651 (January 25, 2002). Because Progress does not operate as a reseller of domestic telecommunications services the company does not have blanket domestic Section 214 authorization. In addition to the aforementioned Section 214 authorizations Progress is a party to applications pending before the International Bureau and Wireline Competition Bureau regarding a June 18, 2010 transfer of control of Epana Networks, Inc. to Progress. Like STi, Epana markets prepaid international and domestic telecommunications services in the United States.⁴

(h)

A. The following entities and individuals hold a ten percent (10%) or greater interest in Vivaro:

(i) Vivaro Corporation is a wholly-owned subsidiary of Progress International, LLC, a Texas limited liability company. The principal and

⁴ See fn. 2, *supra*.

currently only business of Progress is its operation as a wholesale provider of international telecommunications services. The address of Progress is 10190 Katy Freeway, Suite 410, Houston, TX 77043.

- (ii) Progress is wholly owned by IXC International, LLC (“IXC”), a limited liability company organized under the laws of Delaware. The principal business of IXC is to serve as a holding company for Progress and its subsidiaries. The address of IXC is 10190 Katy Freeway, Suite 410, Houston, TX 77043.
- (iii) IXC is wholly owned by Telecom Overseas C.V. (“TOCV”), a limited partnership organized under the laws of the Netherlands. TOCV functions solely as a holding company. The address of TOCV is AJ Ernstraat 199, Amsterdam, Netherlands.
- (iv) TOCV has one general partner: Stichting Jarda which is a Dutch foundation. Stichting Jarda owns less than a one percent (1%) interest in TOCV. The address of Stichting Jarda is Baarerstrasse 75, CH-6300, Zug, Switzerland.
- (v) TOCV has one limited partner: Gustavo M. de la Garza Ortega, a citizen of Mexico whose principal business is his work as a telecommunications executive. Mr. De la Garza owns more than a ninety-nine percent (99%) interest in TOCV. The address of Mr. De la Garza is Avenida San Jeronimo 210 Poniente, Colonia San Jeronimo, Monterrey, Nuevo Leon.

B. The following entities and individuals hold a ten percent (10%) or greater interest in STi:

- (i) *Prepaid Cards, LLC*. Prepaid Card, LLC (“Prepaid”) a Delaware limited liability company (formerly known as BEI Prepaid, LLC) owns a seventy-five percent (75%) interest in STi. Prepaid’s principal business is telecommunications holdings. David Larsen, a United States citizen, holds a ten percent (10%) non-voting membership interest in Prepaid (through his ownership of Darsen LLC, Delaware limited liability company whose principal business is telecommunications holdings). Prepaid Card Holdings, LLC, a Delaware limited liability company whose principal business is telecommunications holdings, owns a ninety percent (90%) membership interest and a one hundred percent (100%) voting interest in Prepaid. Prepaid Card Holdings, LLC is a wholly-owned subsidiary of TLCO Group Holdings, Inc. (“TLCO”), a Delaware corporation whose principal business is investment. TLCO is a wholly-owned subsidiary of Baldwin Enterprises Inc. (“Baldwin”), a Colorado corporation whose principal business is investment. Baldwin is a wholly-owned subsidiary of Phlcorp, Inc., a Pennsylvania corporation whose principal business is investment holdings. Phlcorp, Inc. is a wholly-owned subsidiary of Leucadia National Corporation (“Leucadia”), a publicly-traded New York corporation whose principal business is investment. Joseph Steinberg, a United States citizen, holds an 11.2% interest in Leucadia. The business address for David Larsen, TLCO and Baldwin is 529 East South Temple, Salt Lake City, UT 84102. The address for

Joseph Steinberg, Prepaid, Prepaid Card Holdings, LLC, Phlcorp, Inc., and Leucadia is 315 Park Avenue South, New York, NY 10010.

- (ii) *ST Finance, LLC*. ST Finance, LLC (“ST Finance”), a Delaware limited liability company whose principal business is securities holdings, owns a twenty-five percent (25%) interest in STi. Samer Tawfik, a United States citizen, indirectly owns a one hundred percent (100%) membership interest in ST Finance through ten holding companies. Seven of the holding companies are Delaware entities: Telco Group, Inc., STi Phonecard Inc., Dialaround Enterprises Inc., STi Mobile Inc., Phonecard Enterprises Inc., VOIP Enterprises Inc., and STi PCS, LLC. The other three holding companies are Luxembourg entities: Tawfik & Partners SNC (a Luxembourg general partnership), TGI S.A.R.L. (a Luxembourg limited liability company), and TGI S.A.R.L. Schaffhausen (a Luxembourg Swiss branch). Samer Tawfik, a United States citizen, owns 100% of each of the ten holding companies. Thus, Samer Tawfik holds a twenty-five percent (25%) indirect interest in STi. The address for ST Finance, Samer Tawfik, Telco Group, Inc., STi Phonecard Inc., Dialaround Enterprises Inc., STi Mobile Inc., Phonecard Enterprises Inc., VOIP Enterprises Inc., and STi PCS, LLC is 23 Shorewood Drive, Port Washington, NY 11050.

Other than as stated in this Application, no other person or entity owns a ten percent (10%) or greater direct or indirect ownership interest in STi.

Section 63.24(h) calls for disclosure of any interlocking directorates with a foreign carrier. As the result of the proposed transfer of control of STi that is the subject of this application, Gustavo M. de la Garza Ortega will become a Director and the indirect controlling owner of STi, in addition to being a Director and indirect controlling owner of (i) Progress, a wholesale service provider, (ii) Epana, a prepaid service provider that was recently acquired by Progress, and (iii) Marcatel, a Mexican long distance and international carrier. As a result, STi will be "affiliated" within the meaning of FCC rules with a foreign carrier in Mexico, Marcatel. Also, Alberto Ribe, a citizen of Mexico, will become a Director of STi in addition to being a director of Epana, and to being Marcatel's Chief Financial Officer.

- (i) Section 63.18(i) calls for a certification as to whether or not the applicant is, or is affiliated with, a foreign carrier. Vivaro certifies that it is affiliated with one foreign carrier, Marcatel.⁵ When the international Section 214 authorization was granted to Vivaro's parent company, Progress, in File No. ITC-T/C-20011221-00651, Progress was recognized to be "affiliated" with a foreign carrier in Mexico, Marcatel, which is a Mexican long distance and international carrier.
- (j) Section 63.18(j) calls for a certification as to whether or not the applicant seeks to provide international telecommunications services to any destination country for which any of certain circumstances described in the rule is true. The following statement is true: STi seeks to provide international telecommunications services to Mexico where a person who now controls Vivaro, and who proposes to control STi

⁵ Vivaro's sole owner, Progress, owns forty-nine percent (49%) of Marcatel. Also, Gustavo M. de la Garza Ortega directly owns two percent (2%) of Marcatel.

(i.e., Gustavo M. de la Garza Ortega), controls a foreign carrier in that country (i.e., Marcatel).

(k) Section 63.18(k) calls for one of certain showings by the applicant for any destination country listed by the applicant in response to paragraph (j). In this instance, the named foreign country which is a destination foreign country (i.e., Mexico) is a Member of the World Trade Organization. It is also noted that Vivaro's affiliated foreign carrier, Marcatel, lacks "market power" in Mexico.⁶

(l) In response to Section 63.18(l), Vivaro satisfies the terms of Section 63.10(a)(3) because Vivaro's foreign affiliate lacks a fifty percent (50%) market share in the international transport and the local access markets on the foreign end of the route (i.e., Mexico). In this instance, Section 63.10(a)(3) states "...the U.S. carrier shall presumptively be classified as non-dominant."

(m) With reference to Section 63.10(m), STi was previously classified as non-dominant and will continue, after the transfer of control to Vivaro, to be entitled to non-dominant status on all international routes, including affiliated routes. As noted, the affiliated foreign carrier, Marcatel, is a competitive long distance and international carrier in Mexico, with less than a two percent (2%) market share. Marcatel is not on the FCC's "List of Foreign Telecommunications Carriers that are Presumed to Possess Market Power in Foreign Telecommunications Markets."⁷ Marcatel has no market

⁶ Marcatel is a competitive long distance and international carrier in Mexico, with less than a two percent (2%) market share. As noted in the Commission's Order granting Progress its Section 214 authorization: "Marcatel has a limited market share, no market power, and a lack of control over bottleneck services or facilities." (See the Commission's Order granting Section 214 authorization to Progress in File No. ITC-97-048.) This remains true today.

⁷ See, Public Notice, DA 07-233, released January 26, 2007: "The International Bureau Revises and Reissues the Commission's List of Foreign Telecommunications Carriers that Are Presumed to Possess Market Power in Foreign Telecommunications Markets." For Mexico, only Telefonos de Mexico (TelMex) appears on that list.

power in Mexico to affect competition adversely in the U.S. market, and STi, as a subsidiary of Vivaro, satisfies the requirements of Section 63.10(a)(3) to be presumptively a non-dominant carrier.

(n) STi and Vivaro certify that they have not agreed to accept special concessions directly or indirectly from any foreign carrier with respect to any U.S. international route where the foreign carrier possesses market power on the foreign end of the route and will not enter into such agreements in the future.

(o) With reference to §§ 1.2001 through 1.2003 of the Commission's rules, it is certified that no party to the application is subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988. *See* 21 U.S.C. § 853a.

(p) Applicants submit that this application qualifies for streamlined processing pursuant to Section 63.12 of the Commission's rules (47 C.F.R. § 63.12). None of the circumstances listed in subpart (c) of Section 63.12 is applicable to STi, Vivaro or their operations. Except for affiliation with Marcatel, which the Commission has found to have no "market power," STi will have no affiliation with any foreign carrier. Customers of STi complete international calls by means of resale of the facilities of unaffiliated international telecommunications carriers.

VI. Additional Information Required by Section 63.04(b) of the Commission's Rules for Transfer of Control

In response to requirements of Section 63.04(b) of the Commission's rules, the additional information required by Sections 63.04(a)(6) through 63.04(a)(12) for transfer of control of a Section 214 authorization holder is provided in Exhibit A.

VII. Conclusion

In view of the foregoing, Applicants respectfully submit that the public interest, convenience and necessity would be furthered by grant of this application.

[signature page follows]

Respectfully submitted,

STi PREPAID, LLC

By: James V. Continenza

Name: James V. Continenza

Title: President/CEO

Date: Sept 22, 2010

VIVARO CORPORATION

By: _____

Name: _____

Title: _____

Date: _____

Respectfully submitted,

STi PREPAID, LLC

By: _____

Name: _____

Title: _____

Date: _____

VIVARO CORPORATION

By:  _____

Name: Meryl Rawitz

Title: Treasurer + CFO

Date: 9/22/10

Exhibit A

Information Required by Sections 63.04(a)(6) through 63.04(a)(12)

Pursuant to Section 63.04(b) of the Commission's rules, Applicants provide the following information in connection with the proposed acquisition of STi Prepaid, LLC by Vivaro Corporation:

§63.04(a)(6) – Description of the Transaction

The Transaction is summarized in Section III of the Joint Application.

§63.04(a)(7) – Description of the Geographic Service Area and Services in Each Area

A description of the geographic service areas and the services provided in each area are provided in Section II.A. of the Joint Application.

§63.04(a)(8) – Presumption of Non-Dominance and Qualification for Streamlining

This Joint Application is eligible for streamlined processing pursuant to Section 63.03(b)(2) of the Commission's rules because: (1) the subject transaction does not change the fact that STi Prepaid, LLC has a market share in the interstate interexchange market of less than ten percent (10%); (2) STi Prepaid, LLC provides competitive telephone exchange services or exchange access services exclusively in areas served by a dominant local exchange carrier that is not a party to the subject transaction; and (3) neither the Applicants nor any of their affiliates are regulated as dominant with respect to any service.

§63.04(a)(9) – Other Pending Commission Applications Concerning the Subject Transaction

None.

§63.04(a)(10) – Special Considerations

None.

§63.04(a)(11) – Waiver Requests

None.

§63.04(a)(12) – Public Interest Statement

The proposed Transaction is in the public interest for the reasons stated in Section IV of the Joint Application.