

March 23, 2007

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PUBLIC SERVICE
COMMISSION

VIA FEDERAL EXPRESS

Beth O'Donnell
Executive Director
Public Service Commission of Kentucky
211 Sower Blvd.
Frankfort, KY 40602

Re: Notice of Intent of STi Prepaid, LLC to Operate as an Interexchange Services Provider in Kentucky; Notification of the Transfer of Assets of Dialaround Enterprises Inc. to STi Prepaid, LLC; and Cancellation of Dialaround Enterprises Inc.'s Registration

Dear Ms. O'Donnell:

Enclosed as Attachment 1 please find the Notice of Intent of STi Prepaid, LLC ("STi Prepaid") to operate as an interexchange service provider in Kentucky. STi Prepaid files its Notice of Intent for intrastate interexchange authority in connection with a pending transaction between STi Prepaid and Dialaround Enterprises Inc. ("DEI"). DEI is registered to operate as a competitive interexchange telecommunications services provider with the Public Service Commission of Kentucky ("Commission").^{1/} Pursuant to the terms of an Asset Purchase and Contribution Agreement between STi Prepaid, DEI, and their respective individual owners and corporate parents dated January 23, 2007, DEI agreed to transfer all or substantially all of its assets to STi Prepaid (the "Transaction").

After consummation of the Transaction, STi Prepaid will provide intrastate interexchange telecommunications services including dial-around and prepaid calling card services in Kentucky. It is the Parties' understanding that no prior Commission approval is required to consummate the Transaction described herein.^{2/} The Parties therefore submit this notice for the Commission's information.

In addition, by this letter, DEI hereby also notifies the Commission that after consummation of the Transaction described herein, DEI will discontinue providing services and withdraw its tariff in Kentucky, and therefore requests that the Commission cancel DEI's

^{1/} See Registration of Dialaround Enterprises Inc., filed with the Commission May 7, 2002.

^{2/} See Administrative Case Nos. 359 and 370, Exemptions for Interexchange Carriers, Long-Distance Resellers, Operator Service Providers and Customer-Owned, Coin-Operated Telephones and Exemptions for Providers of Local Exchange service other than Incumbent Local Exchange Carriers (Aug. 8, 2000); Administrative Case No. 359, Exemptions for Interexchange Carriers, Long-Distance Resellers, Operator Service Providers and Customer-Owned, Coin-Operated Telephones (June 21, 1996).

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.

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existing registration and tariff upon consummation of the Transaction. DEI will notify the Commission when the Transaction is consummated and its cancellation will be effective. In support of its notice of discontinuance and notice of the Transaction, DEI and STi Prepaid provide the following information.

1. **Parties to the Transaction**

STi Prepaid, a Delaware limited liability company, is an indirect subsidiary of Leucadia National Corporation ("Leucadia"), a publicly-traded New York corporation with headquarters at 315 Park Avenue South, New York, NY 10010.

The address and telephone number of STi Prepaid is:

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

DEI is a privately-held Delaware corporation with headquarters at 30-50 Whitestone Expressway, 4th Floor, Flushing, New York 11354. Samer Tawfik, a United States citizen, is DEI's sole owner.

2. **Contact**

All correspondence concerning discontinuance of DEI's services in Kentucky, the notice of Transaction, and the attached Notice of Intent of STi Prepaid should be addressed to:

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

3. **Effect of Proposed Transaction**

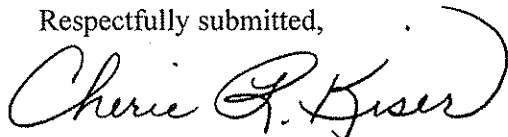
The proposed Transaction furthers the public interest, convenience, and necessity. The transfer of DEI's assets to STi Prepaid will benefit consumers by ensuring that consumers continue to have a wide range of telecommunications choices in the long distance market. As an affiliate of Leucadia, a publicly traded company, STi Prepaid will have access to the public capital markets that can provide support for the expansion of the services currently offered by DEI. STi Prepaid will benefit from DEI's experience providing telecommunications services, which will be further enhanced through STi Prepaid's access to the telecommunications expertise of Leucadia, which previously has managed numerous other providers of telecommunications services through various subsidiaries. The combination of existing technical experience at DEI

and the financial backing of Leucadia will enhance STi Prepaid's ability to efficiently provide and expand its services.

The proposed Transaction does not present any anticompetitive issues. STi Prepaid will operate under the fictitious name of "DEI," among others, as registered with the Kentucky Secretary of State. Thus, the Transaction will be transparent to any consumers using DEI's dial-around services. In addition, customer notice is not required in this case because DEI does not have a dedicated customer base. DEI's dial-around services can be used by any person at any time by dialing DEI's access code. DEI has no knowledge of the identity of the persons that utilize its services, and has no direct relationship with the person utilizing its services. Accordingly, customer notification of this Transaction is unnecessary and would be almost impossible.

Pursuant to the Commission's filing procedures, please find enclosed an original plus five (5) copies of this letter. Please date-stamp the additional copy and return it to us in the enclosed Federal Express envelope. If you have any questions regarding this filing, please contact the undersigned.

Respectfully submitted,



**DIALAROUND ENTERPRISES INC.
and STi PREPAID, LLC**

Samer Tawfik
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30-50 Whitestone Expressway
4th Floor
Flushing, NY 11354
718-358-5390 (telephone)
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Counsel for Dialaround Enterprises Inc. and STi
Prepaid, LLC

Enclosures