

APPENDIX A

NON-DOMINANT INTEREXCHANGE CARRIER REGISTRATION

1. If you requested confidential treatment of the financial portions of your application, it was granted and those materials will remain under seal for one year from the date of the decision. If you wish to continue the seal on those materials beyond the one-year period, you must make a formal request no later than 30 days prior to the expiration of the year explaining the reasons why you believe such extension is necessary.

2. You are subject to the following fees, and you must remit them regularly. Per the instructions in Decision (D.) 00-10-028, the Combined California PUC Telephone Surcharge Transmittal Form must be submitted, even if the amount due is \$0.

- a. The current 1.15% surcharge applicable to all intrastate services except for those excluded by D.94-09-065, as modified by D.95-02-050, to fund the Universal Lifeline Telephone Service (Public Utilities (PU) Code § 879; Resolution T-17071, effective April 1, 2007);
- b. The current 0.20% surcharge applicable to all intrastate services except for those excluded by D.94-09-065, as modified by D.95-02-050, to fund the California Relay Service and Communications Devices Fund (PU Code § 2881; Resolution T-17127, effective January 1, 2008);
- c. The user fee provided in PU Code §§ 431-435, which is 0.18% of gross intrastate revenue for the 2007-2008 fiscal year (Resolution M-4819),
- d. The current 0.13% surcharge applicable to all intrastate services except for those excluded by D.94-09-065, as modified by D.95-02-050, to fund the California High Cost Fund-A (PU Code § 739.3; D.96-10-066, pp. 3-4, App. B, Rule 1.C; set by Resolution T-17128, effective January 1, 2008);

- e. The current 0.25% surcharge applicable to all intrastate services except for those excluded by D.94-09-065, as modified by D.95-02-050, to fund the California High Cost Fund-B (D.96-10-066, p. 191, App. B, Rule 6.F.; D.07-12-054);
- f. The current 0.25% surcharge applicable to all intrastate services except for those excluded by D.94-09-065, as modified by D.95-02-050, to fund the California Advances Services Fund (D.07-12-054); and
- g. The current 0.079% surcharge applicable to all intrastate services except for those excluded by D.94-09-065, as modified by D.95-02-050, to fund the California Teleconnect Fund (set by Resolution T-17142, effective June 1, 2008).

These fees change periodically. In compliance with Resolution T-16901, December 2, 2004, you should check the joint tariff for surcharges and fees filed by Pacific Bell (dba AT&T California) and apply the current surcharge and fee amounts in that joint tariff on end user bills until further revised.

- 3. You are exempt from Rule 3.1(b) of the Commission's Rules of Practice and Procedure.
- 4. You are exempt from PU Code §§ 816-830.
- 5. You are exempt from PU Code § 851 when the transfer or encumbrance serves to secure debt.
- 6. You shall file a written acceptance of the certificate granted in this proceeding with the Director of the Communications Division.
- 7. Prior to initiating service, you shall provide the Manager of the Commission's Consumer Affairs Branch with your designated contact person(s) for purposes of resolving consumer complaints and the corresponding telephone number(s). This information shall be updated if the name or telephone number changes, or at least annually.

8. You shall notify the Director of the Communications Division in writing of the date interLATA service is first rendered to the public within five days after service begins and again within five days of when intraLATA service begins.

9. You shall keep your books and records in accordance with the Uniform System of Accounts specified in Title 47, Code of Federal Regulations, Part 32.

10. In the event your books and records are required for inspection by the Commission or its staff, you shall either produce such records at the Commission's offices or reimburse the Commission for the reasonable costs incurred in having Commission staff travel to your office.

11. You shall file an annual report with the Director of the Communications Division, in compliance with GO 104-A, on a calendar-year basis, using the information request form developed by Commission staff and contained in Appendix B. You shall file an annual affiliate transaction report with the Director of the Communications Division, in compliance with D.93-02-019, on a calendar year basis, using the form developed by the Commission staff and contained in Appendix C.

12. You shall ensure that your employees comply with the provisions of Public Utilities (PU) Code § 2889.5 regarding solicitation of customers.

13. The certificate granted and the authority to render service under the rates, charges, and rules authorized will expire if not exercised within 12 months after the effective date of this order.

14. PU Code 708 requires public utilities to provide ID badges to all employees with a format specified in that Section, and employees to present that badge when they request entry to customer or subscriber premises. You shall send a letter to the Director of the Communications Division within 60 days of

the effective date of this order declaring that you have issued the required badges.

15. If you are 90 days or more late in filing an annual report or in remitting the fees listed above, Communications Division shall prepare for Commission consideration a resolution that revokes your CPCN, unless you have received the written permission of Communications Division to file or remit late.

16. You have requested an exemption from the requirement to file tariffs and have represented to the Commission that you are qualified for such an exemption.

17. Beginning December 6, 2004, you must abide by the Consumer Protection Rules contained in General Order 168.

18. If your company is planning to discontinue service or to file for bankruptcy, you are required to contact the Bankruptcy Coordinator in the Communications Division immediately. Please ask us for instructions in your particular circumstances; our rules are designed to ensure that your telecommunications customers receive adequate notice and are minimally inconvenienced. Your compliance is necessary so that you are not penalized for failure to follow Commission rules.

(END OF APPENDIX A)

**APPENDIX B
ANNUAL REPORT**

An original and a machine readable, copy using Microsoft Word or compatible format shall be filed with the California Public Utilities Commission, State Office Building, 505 Van Ness Avenue, Room 3107, San Francisco, CA 94102-3298, no later than March 31st of the year following the calendar year for which the annual report is submitted.

Failure to file this information on time may result in a penalty as provided for in §§ 2107 and 2108 of the Public Utilities Code.

Required information:

1. Exact legal name and U # of the reporting utility.
2. Address.
3. Name, title, address, and telephone number of the person to be contacted concerning the reported information.
4. Name and title of the officer having custody of the general books of account and the address of the office where such books are kept.
5. Type of organization (*e.g.*, corporation, partnership, sole proprietorship, etc.).
If incorporated, specify:
 - a. Date of filing articles of incorporation with the Secretary of State.
 - b. State in which incorporated.
6. Number and date of the Commission decision granting the Certificate of Public Convenience and Necessity.
7. Date operations were begun.
8. Description of other business activities in which the utility is engaged.
9. List of all affiliated companies and their relationship to the utility. State if affiliate is a:
 - a. Regulated public utility.
 - b. Publicly held corporation.
10. Balance sheet as of December 31st of the year for which information is submitted.
11. Income statement for California operations for the calendar year for which information is submitted.

For answers to any questions concerning this report, call (415) 703-2883.

(END OF APPENDIX B)

**APPENDIX C
CALENDAR YEAR AFFILIATE TRANSACTION REPORT**

1. Each utility shall list and provide the following information for each affiliated entity and regulated subsidiary that the utility had during the period covered by the annual Affiliate Transaction report.

- Form of organization (*e.g.*, corporation, partnership, joint venture, strategic alliance, etc.);
- Brief description of business activities engaged in;
- Relationship to the utility (*e.g.*, controlling corporation, subsidiary, regulated subsidiary, affiliate);
- Ownership of the utility (including type and percent ownership);
- Corporate officers.

2. The utility shall prepare and submit a corporate organization chart showing any and all corporate relationships between the utility and its affiliated entities and regulated subsidiaries in #1 above. The chart should have the controlling corporation (if any) at the top of the chart; the utility and any subsidiaries and/or affiliates of the controlling corporation in the middle levels of the chart and all secondary subsidiaries and affiliates (*e.g.*, a subsidiary that in turn is owned by another subsidiary or and/or affiliate) in the lower levels. Any regulated subsidiary should be clearly noted.

3. For a utility that has individuals who are classified as “controlling corporations” of the competitive utility, the utility must only report under the requirements of #1 and #2 above any affiliated entity that either (a) is a public utility or (b) transacts any business with the utility filing the annual report excluding the provision of tariff services.

4. Each annual report must be signed by a corporate officer of the utility stating under penalty of perjury under the laws of the State of California

(CCP 2015.5) that the annual report is complete and accurate with no material omissions.

5. Any required material that a utility is unable to provide must be reasonably described and the reasons the data cannot be obtained, as well as the efforts expended to obtain the information, must be set forth in the utility's annual Affiliate Transaction Report and verified in accordance with Section I-F of Decision 93-02-019.

6. Utilities that do not have affiliated entities must file, in lieu of the annual transaction report, an annual statement to the Commission stating the utility had no affiliated entities during the report period. This statement must be signed by a corporate officer of the utility, stating under penalty of perjury under the laws of the State of California (CCP 2015.5) that the annual report is complete and accurate with no material omissions.

(END OF APPENDIX C)

APPENDIX D

SETTLEMENT AGREEMENT

The Consumer Protection and Safety Division of the California Public Utilities Commission (CPSD), and 88 Telecom Corporation and its predecessors, successors, affiliates, and assigns (88 Telecom or Applicants) hereby agree upon the following terms for the settlement (Settlement Agreement) of CPSD's Protest of 88 Telecom's Application for Registration as an Interexchange Carrier Telephone Corporation Pursuant to Provisions of Public Utilities Code Section 1013, A.08-05-031 (Application).

I. JOINT STATEMENT

The Parties submit the following joint statement as the basis for the Settlement Agreement:

1. 88 Telecom is a corporation operating and existing under the laws of the State of California, incorporated on January 1, 2004. 88 Telecom is a vendor for prepaid phone cards, providing both domestic and international calling services. The official website through which 88 Telecom markets and sells prepaid calling cards is www.88card.com.² The officers and/or directors of 88 Telecom are Gang Zhao (Chief Executive Officer), Simon Wong (Chief Financial Officer), and Rachel Lu (Director).

2. On May 23, 2008, 88 Telecom filed an application requesting certificate to operate as a switchless interexchange carrier in California. On June 30, 2008, CPSD filed a protest of the Application, alleging 1) 88 Telecom has apparently been operating as a prepaid calling card company for about 4 years prior to filing this Application absent a valid Certificate

² www.88card.com

of Public Convenience and Necessity (CPCN); and 2) 88 Telecom failed to disclose in its application that one of the company's key officers (former Secretary Mr. Eddie Wong) has been president of six other such telecommunications companies, one of which has been sanctioned by the CPUC.

3. On October 30, 2008, a prehearing conference was held at the Commission hearing rooms. 88 Telecom's CEO Gang Zhao attended, in his own capacity (without legal representation). Under questioning by Administrative Law Judge Bertram Patrick, Mr. Zhao acknowledged that there is a legal requirement for 88 Telecom to obtain a CPCN to operate a prepaid phone card company. Following Mr. Zhao's statements during the prehearing conference, 88 Telecom agreed to file an amendment to its Application addressing the issues raised in CPSD's protest.

4. On December 1, 2008, 88 Telecom filed an Amendment to its Application (Amendment). In the Amendment, 88 Telecom explained 1) Mr. Eddie Wong, shareholder and secretary of 88 Telecom (at the time the Application was filed) and formerly president of True America Communications, Inc. (True America), has sold his interest in 88 Telecom and no longer has an association with the company. The Amendment includes documentation of the Share Purchase Agreement from Mr. Wong, showing that he no longer has any financial ownership interest in the company. The Amendment also explained that True America failed to file its annual reports and/or remit surcharges, which was the reason for True America's CPCN revocation by the Commission on November 19, 2004. (Resolution T16892.)

5. The Amendment explains 2) that Mr. Zhao and Mr. Wong incorporated 88 Telecom as equal co-owners in January 2004, and that Mr. Zhao was told incorrectly by Mr. Wong that a CPUC "license" had already been obtained, which was the True America CPCN

that was later revoked. According to the Amendment, Mr. Wong returned to China and has not participated in the operation and management of 88 Telecom since 2004. The Amendment states that Mr. Wong was unaware of the revocation of True America's CPCN and that such certificates are not transferable, until April of 2008 when Qwest Communication (an underlying carrier for 88 Telecom's phone cards) made a request for 88 Telecom's registration number. Qwest's request caused 88 Telecom to become aware of the problem, and shortly thereafter 88 Telecom filed this Application.

II. AGREEMENT

6. Acknowledgement. 88 Telecom acknowledges that Public Utilities Code section 885 requires prepaid debit card companies to comply with the Commission registration requirements in Public Utilities Code section 1013, and that 88 Telecom failed to obtain such authority for the reasons stated above. 88 Telecom's Amendment states that Applicant 88 Telecom regrets that it failed to properly and fully advise the Commission of the issues stated above, and that 88 Telecom has attempted to respond rapidly to correct the issues raised in CPSD's Protest. 88 Telecom states that it will fully meet its regulatory and legal obligations and its responsibilities to its customers and members of the public in California in the future.

7. Penalty Payment. In order to resolve the legal issues raised by CPSD in its Protest, 88 Telecom will pay \$8,000 to the General Fund within 6 months of the date of the Commission's approval of this Agreement. CPSD agrees that 88 Telecom will make equal monthly payments to the Commission each month for 6 months, until the full amount is paid, the first payment to be received no later than 30 days after the date of the Commission's approval.

IV. GENERAL PROVISIONS

8. Scope and Effect of Agreement. This Agreement represents a full and final resolution of CPSD's Protest, and the matters giving rise thereto. If the Commission does not approve this Agreement in full, it shall have no force and effect.

9. Successors. This Agreement and all covenants set forth herein shall be binding upon and shall inure to the benefit of the respective Parties hereto, their successors, heirs, assigns, partners, representatives, executors, administrators, subsidiary companies, divisions, units, agents, attorneys, officers, and directors.

10. Knowing and Voluntary Execution. The Parties acknowledge each has read this Agreement, that each fully understands the rights, duties and privileges created hereunder, and that each enters this Agreement freely and voluntarily. Each Party further acknowledges that it has had the opportunity to consult with counsel and discuss the provisions hereof and the consequences of signing this Agreement, and that they have not relied and do not rely upon any statement, promise or representation by any other party or its counsel, whether oral or written, except as specifically set forth in this Agreement. 88 Telecom acknowledges that it declined to retain counsel, despite being advised that consultation with an attorney may be necessary by CPSD and its counsel.

11. Authority to Execute Agreement. The undersigned acknowledge and covenant that they have been duly authorized to execute this Agreement on behalf of their respective principals and that such execution is made within the course and scope of their respective agency or employment.

12. Entire Agreement. The Parties expressly acknowledge that the consideration recited in this Agreement is the sole and only consideration of this Agreement, and that no

representations, promises, or inducements have been made by the Parties or any director, officer, employee, or agent thereof other than as set forth expressly in this Agreement.

13. Choice of Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of California and the rules, regulations and General Orders of the California Public Utilities Commission.

14. Execution in Counterparts. This Agreement may be executed by any of the Parties in counterparts with the same effect as if all Parties had signed one and the same document. All such counterparts shall be deemed to be an original and shall together constitute one and the same Agreement. A signature transmitted by facsimile shall be regarded as an original signature.

88 TELECOM CORPORATION

Dated: _____

Gang Zhao
88 Telecom Corporation
2525 Van Ness Avenue, Suite 222
San Francisco, CA 94109

CONSUMER PROTECTION AND
SAFETY SERVICES DIVISION

Dated: _____

Richard W. Clark
Director of Consumer Protection and
Safety Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

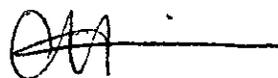
Dated: _____

Travis T. Foss
Staff Counsel
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

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88 TELECOM CORPORATION

Dated: 2/23/2009



Gang Zhao
88 Telecom Corporation
2525 Van Ness Avenue, Suite 222
San Francisco, CA 94109

CONSUMER PROTECTION AND
SAFETY SERVICES DIVISION

Dated: _____

Richard W. Clark
Director of Consumers Protection and
Safety Division
California Public Utilities Commission
505 Van Ness Avenue
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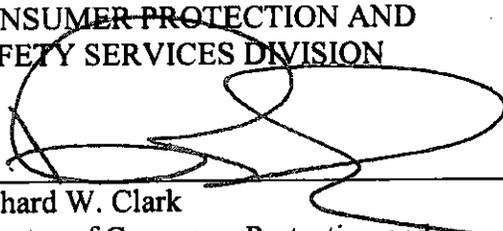
88 TELECOM CORPORATION

Dated: _____

Gang Zhao
88 Telecom Corporation
2525 Van Ness Avenue, Suite 222
San Francisco, CA 94109

~~CONSUMER PROTECTION AND
SAFETY SERVICES DIVISION~~

Dated: 2-25-09



Richard W. Clark
Director of Consumer Protection and
Safety Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Dated: _____

2/25/09



Travis T. Foss
Staff Counsel
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102