ALL-PARTY SETTLEMENT OF DISPUTED MATTERS IN PUBLIC UTILITY COMMISSION APPLICATION 06-11-001

This Settlement Agreement ("Agreement"), to be presented to the California Public Utilities Commission ("CPUC" or "Commission") for approval and adoption, by and between Devine Communications, Inc ("Devine"), Mr. Douglas S. Devine ("Douglas S. Devine," the owner of Devine), and the Consumer Protection and Safety Division ("CPSD") of the CPUC (collectively, the "Parties"), which resolves certain issues in conjunction with Application 06-11-001 of Devine to operate as an interexchange carrier of telephone services.

RECITALS

A. The Commission and CPSD, and the Attorney General of California (AG), have been investigating Devine for possible violations of Sections 17200 *et seq.*, 17500 *et seq.*, and 17538.9 of the California Business and Professions Code (unfair business practices, false advertising), as well as sections 885(a), 886, and 1013 of the Public Utilities Code (failure to register with this Commission), and are prepared to file a joint civil action alleging such causes of action in the Superior Court of the State of California in and for the County of San Francisco ("joint civil action");

B. After being informed of such investigation and the reasons for same, Devine filed Application 06-11-001 "for Registration as an Interexchange Carrier Pursuant to the Provisions of Public Utilities Code Section 1013," on or about November 1, 2006;

C. On November 21, 2006, CPSD filed a Protest of A.06-11-001;

D. On January 10, 2007, CPSD filed an Amended Protest of A.06-11-001, to correct minor errors in the original Protest;

E. Devine has agreed to provide certain information, set out below, to address the concerns identified in CPSD's Protest(s);

F. Devine, Megalink Telecom, Inc (an affiliate of Devine), Douglas S. Devine, CPSD, and the AG have entered into a stipulation resolving the matters addressed by the contemplated Superior Court action, and have agreed to file, upon Commission approval, in conjunction with the filing of the joint civil action a Stipulation for Entry of Final Judgment ("Stipulation" which will be filed under seal until approved by the Commission and the Court);

G. Devine has filed an amended Application with the Commission which provides the following:

a. The address of a California resident who has agreed to act as agent for Devine as service of process;
b. A description of Devine's "prepaid ANI" business, as identified in Devine's Responses to CPSD Data Requests; and
c. A corrected response to Question 7 on the Form of Application for Registration; and

H. Devine has represented that it has provided copies of all advertising, marketing materials, customer handbooks, etc., relating to its "prepaid ANI" business, as identified in Devine's Responses to CPSD Data Requests, found after a diligent search and reasonable inquiry.

NOW THEREFORE, in consideration of the foregoing and based upon the mutual promises made by the parties to each other, as well as their representations to the Director of the Telecommunications Division of the CPUC, the Parties hereby agree as follows:

TERMS OF SETTLEMENT AGREEMENT

1. CPSD, upon the fulfillment of the terms of Recitals G & H, above, will withdraw its Protest, and will not refile such Protest unless:

a. Changes in facts material to Defendants' fitness to provide telecom services become evident;

b. The Commission fails to approve this Agreement or the Stipulation; or

c. The Superior Court fails to enter the stipulated judgment in the joint civil action.

2. In the event that CPSD makes any determination that Devine is in violation of any term or condition contained in this Agreement, it shall provide Devine with written notice of such alleged violation, and provide Devine with a period of fifteen (15) days from the date of such notice to cure such alleged violation in accordance with good faith discussion among the parties to that end. This or any other notice that may be required by the terms of this Agreement may be effected by regular U.S. Mail (or international mail) service on either of the addresses below:

2024 Divisadero Street, Suite 1
San Francisco, CA 94115

120 Morocco Drive, Building 2, Lot 5
Santa Rosa, Laguna 4026
Philippines

3. Devine agrees and the parties mutually contemplate that, upon withdrawal of CPSD's Protest, Devine's pending application will be processed in the usual course per established Commission rules and procedures.

4. Devine further agrees that, in the event the Commission approves its application, any default on its payment obligations under the Judgment may be grounds for the immediate suspension and/or revocation of any operating authority or license granted to it by this Commission, including but not limited to its authority to offer prepaid ANI services.

5. Devine agrees to the inclusion of such a suspension/revocation clause in the order approving its license, if any.

6. Douglas S. Devine agrees, in any future Application made to this Commission on his own behalf or on behalf of any corporation or other business entity in which he is an officer, director or beneficial owner of 10% or more of the business entity, or functions in any of those capacities, to identify this Agreement and the concomitant Stipulated Judgment, and state in such Application whether or not all payments have been made pursuant to such Stipulated Judgment.

7. Continuing Jurisdiction to Enforce Agreement: The Parties and their counsel agree to fully cooperate with each other to accomplish the terms of this Agreement in an expeditious manner. The CPUC shall retain continuing jurisdiction over this matter, including jurisdiction to enforce the terms of this Agreement.

8. Intent of Settlement Agreement: This Agreement embodies the entire understanding of the Parties with respect to the matters described herein. The Agreement may be amended only by a written agreement signed by all the Parties. Each of the Parties has contributed to the preparation of this Agreement. Accordingly, the Parties agree that no provision of the Agreement shall be construed against any party because that party or its counsel drafted the provision. The section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the Parties, and shall not in any way affect the meaning or interpretation of this Agreement.

9. Governing Law: This Agreement shall be governed by the laws of the State of California.

10. Successors and Assigns: The rights conferred and obligations imposed on any Party by this Agreement shall inure to the benefit of and be binding on that Party's successors in interest or assignees as if such successor or assignee were itself a party hereto.

11. Counterparts: This Agreement may be executed in counterparts.

12. This Agreement shall not be effective until it is approved by the CPUC.

Dated: March 30, 2007

DEVINE COMMUNICATIONS, INC

By: _____
Douglas S. Devine

Dated: March 30, 2007

DOUGLAS S. DEVINE, an individual

By: _____
Douglas S. Devine

Dated: March ___, 2007

CONSUMER PROTECTION AND SAFETY DIVISION (CPSD), CPUC

By: _____
Richard W. Clark
Director, CPSD

12. This Agreement shall not be effective until it is approved by the CPUC.

Dated: March ___, 2007

DEVINE COMMUNICATIONS, INC

By: _____
Douglas S. Devine

Dated: March ___, 2007

DOUGLAS S. DEVINE, an individual

By: _____
Douglas S. Devine

Dated: March 26, 2007

CONSUMER PROTECTION AND SAFETY DIVISION (CPSD), CPUC

By: _____
Richard W. Clark
Director, CPSD

(END OF APPENDIX A)

APPENDIX B

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 thirty 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 (Pub. Util. Code § 879; Resolution T-17071, dated March 1, 2007, effective April 1, 2007);

b. The current 0.37% 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 (Pub. Util. Code § 2881; Resolution T-17072, dated March 1, 2007 effective April 1, 2007);

c. The user fee provided in Pub. Util. Code §§ 431-435, which is 0.18% of gross intrastate revenue for the 2007-2008 fiscal year (Resolution M-4819);

d. The current 0.210% 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 (Pub. Util. Code § 739.30; D.96-10-066, pp. 3-4,

App. B, Rule 1.C; set by Resolution T-16963, effective January 1, 2006);

e. The current 1.30% 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.; Resolution T-17078, dated March 1, 2007 effective April 1, 2007); and

f. The current 0.130% 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-16888, effective January 1, 2006).

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 SBC California) and apply the current surcharge and fee amounts in that joint tariff on your end user bills until further revised.

3. You are exempt from Rule 18(b) of the Commission's Rules of Practice and Procedure.

4. You are exempt from Pub. Util. Code §§ 816-830.

5. You are exempt from Pub. Util. 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. You are authorized to file with this Commission tariff schedules for the provision of the services granted in your certificate of public convenience and necessity. You may not offer these services until tariffs are on file. Your initial filing shall be made in accordance with General Order 96-B, (D.07-01-024) and the Telecommunications Industry Rules (D.07-09-019) as a Tier II Advice Letter, and shall be effective not less than one day after filing. You shall comply with the provisions in your tariffs.

The effectiveness of your future tariffs is subject to General Order 96-B and the Telecommunications Industry Rules.

8. Tariff filings shall reflect all fees and surcharges to which applicant is subject, as noted above.

9. Applicant shall file a service area map as part of its initial tariff.

10. 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.

11. 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.

12. 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.

13. 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.

14. 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.

15. You shall ensure that your employees comply with the provisions of Pub. Util. Code § 2889.5 regarding solicitation of customers.

16. 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.

17. Pub. Util. 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.

18. 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.

19. 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.

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

(END OF APPENDIX B)

APPENDIX C

TO: ALL INTEREXCHANGE TELEPHONE UTILITIES

Article 5 of the Public Utilities Code grants authority to the California Public Utilities Commission to require all public utilities doing business in California to file reports as specified by the Commission on the utilities' California operations.

A specific annual report form has not yet been prescribed for the California interexchange telephone utilities. However, you are hereby directed to submit an original hardcopy and a machine readable electronic copy using Microsoft Word or compatible format of the information requested in **Appendix B pages 2 and 3** no later than March 31st of the year following the calendar year for which the annual report is submitted.

Address your report to:

Director, Communications Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102-3298

Failure to file this information on time may result in a penalty as provided for in Pub. Util. Code §§ 2107 and 2108.

If you have any question concerning this matter, please call (415) 703-2883.

Information Requested of California Interexchange Telephone Utilities.

To be filed with the Director, Communications Division, California Public Utilities Commission, 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.

1. Exact legal name and U # of 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. Commission decision number granting operating authority and the date of that decision.
7. Date operations were begun.
8. Description of other business activities in which the utility is engaged.
9. A 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.

(END OF APPENDIX C)

Appendix D

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 listed 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 tariffed 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 1-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 D)