

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Smart Card Services, Inc. for
Registration as an Interexchange Carrier
Telephone Corporation Pursuant to the
Provisions of Public Utilities Code
Section 1013.

Application 13-12-016
(Filed December 24, 2013)

**DECISION APPROVING SETTLEMENT AGREEMENT AND GRANTING
APPLICANT A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

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DECISION APPROVING SETTLEMENT AGREEMENT AND GRANTING APPLICANT A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**1. Summary**

We approve a settlement agreement (Settlement Agreement) by and among the Safety and Enforcement Division (SED) of the Commission and Smart Card Services, Inc. (Smart Card) (collectively Joint Parties), which has been executed by SED and Smart Card. (A true and correct fully-executed copy of the Settlement Agreement is attached hereto as Attachment A.)

Pursuant to Public Utilities Code Section 1001, we grant Smart Card a certificate of public convenience and necessity (CPCN) as an Interexchange Carrier Telephone Corporation to offer for sale prepaid phone cards providing international calling services in California subject to the terms and conditions set forth on the Ordering paragraphs.¹

2. Factual Background

Joint Parties have agreed to an undisputed set of facts that form the basis of the Settlement Agreement as follows:

Smart Card is a corporation operating and existing under the laws of the State of Delaware, with its principal place of business in Pembroke Pines, Florida. Smart Card offers for sale prepaid phone cards providing international calling services. According to the Application, Ghassan Mourad has been the President since January 2, 2008. Smart Card acknowledges that it began providing prepaid phone card services in California prior to filing this Application. Smart

¹ While this application was filed pursuant to Pub. Util. Code § 1013, (an expedited and ministerial registration process) the protest of the Safety and Enforcement Division and resulting assignment to an administrative law judge removed it from the registration track. It has therefore been evaluated as an application for a CPCN under § 1001.

Card has never been sanctioned by the Commission. Smart Card has shown willingness to resolve the regulatory issues raised by SED. Staff found no complaints filed with the Federal Communications Commission (FCC), Better Business Bureau (BBB), Rip-off report.com, and the Commission's Consumer Affairs Branch (CAB).

On May 13, 2013, the Commission's Communications Division (CD) staff notified Smart Card that it was unlawfully providing telecommunication services without obtaining the requisite operating authority. On June 19, 2013, Smart Card sent a letter to the CD staff stating that it would apply for a CPCN. On July 19, 2013, Smart Card sent its Registration for California to the Secretary of State, which was granted on August 22, 2013. On September 17, 2013, Smart Card sent its application for Registration as an Interexchange Carrier Telephone Corporation Pursuant to the Provisions of Public Utility Code Section 1013. On December 2, 2013, the Commission rejected Smart Card's application for various reasons. On December 17, 2013, Smart Card submitted its revised application.

After reviewing Smart Card's Application, SED filed a Protest on January 27, 2014. SED's Protest alleged Smart Card violated Sections 885 and 1013 of the Public Utilities (Pub. Util.) Code by operating without authority.

3. Jurisdiction

Public Utilities Code Section 216(a) defines the term "Public utility" to include a "telephone corporation," which in turn is defined in Public Utilities Code Section 234(a) as "every corporation or person owning, controlling, operating, or managing any telephone line for compensation within this state." Smart Card proposes to provide pre-paid international calling card services to customers of the state's licensed local exchange carriers. Smart Card is a telephone corporation and a public utility subject to our jurisdiction.

4. The Proposed Settlement Agreement**4.1. Joint Statement of the Case**

After settlement discussions, Joint Parties agreed to a factual statement of the case on which to base a resolution. The joint factual statement of the case is set forth in the proposed attached Settlement Agreement and summarized in Section 2, above.

4.2. Acknowledgement

Smart Card acknowledges that Pub. Util. Code Section 885 requires prepaid calling card companies to comply with the Commission registration requirements, and that Smart Card failed to obtain the required authority prior to its prepaid calling cards being used by California consumers. Smart Card acknowledges that it began providing the services of prepaid calling cards in California prior to obtaining authority. Smart Card 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. Smart Card acknowledges the seriousness of the concerns raised by the SED.

4.3. Payment

In order to resolve the legal issues raised by SED in its Protest, Smart Card will pay \$10,000 to the State of California General Fund within 30 calendar days of the date of the Commission's approval of the Settlement Agreement.

5. Discussion

Rule 12.1 of the Commission's Rules of Practice and Procedure requires that a settlement be "reasonable in light of the whole record, consistent with law, and in the public interest." (Rule 12.1 (d)). The Commission favors the settlement of disputes. (*See, e.g.,* Decision (D.) 07-05-060.) "This policy supports many goals, including reducing the expense of litigation, conserving scarce Commission

resources, and allowing parties to reduce the risk that litigation will produce unacceptable results. The policy favoring settlements weighs against the Commission's alteration of uncontested settlements As long as a settlement is reasonable in light of the whole record, consistent with the law, and in the public interest, it should normally be adopted without alteration." (D.07-05-060, *mimeo*, at 6.) The proposed Settlement Agreement meets these criteria and should be adopted without modification.

5.1. The Proposed Settlement Is Reasonable In Light Of the Record

SED has engaged in discovery, including written data requests and reviewing financial documents provided by Smart Card, and believes there is a sufficient factual record in this case. Based on the discovery obtained by SED and voluntary disclosures made by Smart Card, Joint Parties have agreed to an undisputed set of facts upon which the Commission can form the official record, which is contained in the Settlement Agreement. Joint Parties believe the Settlement Agreement addresses the issue of operating without authority in a reasonable manner in light of the record.

5.2. The Proposed Settlement Is Consistent With the Law and Precedent

Nothing in the Settlement Agreement contravenes any statute or Commission decision or rule. Smart Card does not contest the Commission's jurisdiction over its operations, and accepts that it should obtain operating authority in California pursuant to Pub. Util. Code Sections 885 and 1013. Smart Card acknowledges the need to obtain the required authority prior to its prepaid calling cards being used by California consumers, and that it did not do so. Smart Card agrees to make a payment of \$10,000 to the State's General Fund

as a result. To evaluate the penalty amount proposed in the Settlement Agreement, we look to the criteria established in D.98-12-075, Appendix B, which has provided guidance in similar cases. We consider the following criteria: 1) the severity of the economic or physical harm resulting from the violation; 2) the utility's conduct to prevent, detect, disclose, and rectify the violation; 3) the utility's financial resources; 4) the public interest involved; 5) the totality of the circumstances; and 6) Commission precedents. We find the penalty amount of \$10,000.00 to be reasonable. The Applicant only submitted to the jurisdiction of the Commission after SED investigation. Since no complaints have been filed with the Commission regarding Applicant's calling cards, we find minimal economic harm to its customers. Based on Commission precedent and a review of the Applicant's finances, the \$10,000.00 penalty is reasonable, and represents a significant penalty to the Applicant, but would not impact its ability to continue providing service to its customer base. Therefore the Settlement Agreement is consistent with and enforces applicable law.

5.3. The Proposed Settlement Is In the Public Interest

The Settlement Agreement is consistent with the Commission's well-established policy of supporting the resolution of disputed matters through settlement, reflects a reasonable compromise between Joint Parties' positions, and will avoid the time, expense and uncertainty of evidentiary hearings and further litigation. Accordingly, the Settlement Agreement is in the public interest, reasonable in light of the record as a whole and consistent with law. It resolves all issues before the Commission in this proceeding.

5.4. Smart Card had met Commission Requirement for Obtaining a CPCN

In its revised Application for a CPCN as an Interexchange Carrier Telephone Corporation, Smart Card made the following required representations including, where required, supporting documentation.

6. Financial Qualifications

To be granted a CPCN, an applicant for registration as a switchless reseller of interexchange services must demonstrate that it has a minimum of \$25,000 cash or cash equivalent on hand to meet the firm's start-up expenses.² Since Smart Card has provided documentation that it possesses resources in excess of the required amount that are reasonably liquid and available, it has demonstrated that it has sufficient funds to meet its start-up expenses and has fulfilled this requirement.

7. No History of Misconduct

Neither Applicant, any of its affiliates, officers, directors, partners, agents, or owners (directly or indirectly) of more than 10% of applicant, or anyone acting in a management capacity for applicant: (a) held one of these positions with a company that filed for bankruptcy; (b) been personally found liable, or held one of these positions with a company that has been found liable, for fraud, dishonesty, failure to disclose, or misrepresentations to consumers or others; (c) been convicted of a felony; (d) been (to his/her knowledge) the subject of a criminal referral by judge or public agency; (e) had a telecommunications license or operating authority denied, suspended, revoked, or limited in any

² The financial requirement for Competitive Local Exchange Carriers is contained in D.95-12-056, Appendix C. The financial requirement for Non-Dominant Interexchange Carriers (NDIEC) is contained in D.91-10-041.

jurisdiction; (f) personally entered into a settlement, or held one of these positions with a company that has entered into settlement of criminal or civil claims involving violations of sections 17000 *et seq.*, 17200 *et seq.*, or 17500 *et seq.* of the California Business & Professions Code, or of any other statute, regulation, or decisional law relating to fraud, dishonesty, failure to disclose, or misrepresentations to consumers or others; or (g) been found to have violated any statute, law, or rule pertaining to public utilities or other regulated industries; or (h) entered into any settlement agreements or made any voluntary payments or agreed to any other type of monetary forfeitures in resolution of any action by any regulatory body, agency, or attorney general.

7.1. No Prior Investigations

To the best of Applicant's knowledge, neither Applicant, any affiliate, officer, director, partner, nor owner of more than 10% of Applicant, or any person acting in such capacity whether or not formally appointed, is being or has been investigated by the Federal Communications Commission or any law enforcement or regulatory agency for failure to comply with any law, rule or order.

7.2. Technical Qualifications

To be granted a CPCN for authority to provide interexchange service, an applicant must make a reasonable showing of managerial and technical expertise in telecommunications or a related business.³ Smart Card supplied biographical information on its management in Exhibit 2 to its application that demonstrated

³ D.95-12-056 at Appendix C, Rule 4.A.

that it has sufficient expertise and training to operate as a telecommunications provider.

8. California Environmental Quality Act (CEQA)

CEQA requires the Commission act as the designated lead agency to assess the potential environmental impact of a project in order that adverse effects are avoided, alternatives are investigated, and environmental quality is restored or enhanced to the fullest extent possible. Smart Card states that it does not intend to construct any facilities so granting this application will not have an adverse impact upon the environment. Before it can construct facilities other than equipment to be installed in existing buildings or structures, Smart Card must file for additional authority, and submit to any necessary CEQA review.

9. Conclusion

As a result of the above considerations, we find that the Settlement Agreement is (1) in the public interest; (2) reasonable in light of the record; and (3) consistent with the law. The record of this proceeding consists principally of the Application, the Protest of SED, and the Joint Motion to approve the Settlement Agreement. We find that a record based on these filed materials is adequate to enable us to determine that the settlement meets the Commission's standards for approval of settlements in general. Therefore the Settlement Agreement is approved.

We also conclude that the application conforms to our rules for certification as a switchless reseller of interexchange services. Accordingly, we grant Smart Card a CPCN to provide resold interexchange telecommunications service in California subject to compliance with the terms and conditions set forth in the Ordering Paragraphs.

The CPCN granted by this decision provides benefits to and corresponding obligations of Smart Card. Smart Card receives authority to operate in the state of California, it can request interconnection with other telecommunications carriers in accordance with 47 U.S.C. 251, and it receives access to public rights of way in California as set forth in D.98-10-058 subject to the CEQA requirements set forth in this decision. In return, Smart Card is obligated to comply with all Public Utilities Codes and Commission Rules, general orders, and decision applicable to telecommunications carriers providing approved services. The applicable Codes, Rule, etc. include, but are not limited to, consumer protection rules, tariffing, and reporting requirements. Moreover, Smart Card is obligated to pay all Commission-prescribed user fees and public purpose program surcharges as set forth in Attachment B to this decision, to comply with CEQA, and to adhere to Pub. Util. Code Section 451 which states that every public utility "...shall furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment and facilities, including telephone facilities, as defined in Section 54.1 of the Civil Code, as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public."

10. Categorization and Need for Hearing

In Resolution ALJ 176-3329 dated January 16, 2014, the Commission preliminary categorized this application as ratesetting, and preliminary determined that hearings were not necessary. On January 27, 2014, SED filed a protest to the application. Since the parties have reached the Settlement and the Joint Motion for Approval of Settlement Agreement has been filed, no hearings are necessary in this proceeding.

11. Waiver of Comment Period

As noted, SED protested this application, and SED and Smart Card (the only parties in this proceeding) have resolved all protested issues in their joint Settlement Agreement. Accordingly, this is an uncontested matter in which the decision grants the relief requested. Pursuant to Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is waived.

Assignment of Proceeding

Michael Picker is the assigned Commissioner and Karl J. Bemesderfer is the assigned ALJ in this proceeding.

Findings of Fact

1. Notice of the application appeared on the Daily Calendar on December 27, 2013. On January 27, 2014, SED filed a protest to the application
2. The parties negotiated and reached settlement. A Joint Motion for approval of settlement was filed on April 23, 2014.
3. The Settlement Agreement is the product of arms-length negotiation among the parties.
4. Each of the terms of the Settlement Agreement is the result of compromise.
5. The Settlement Agreement is reasonable in light of the record; consistent with the law; and in the public interest.
6. The Settlement Agreement conveys to the Commission sufficient information to permit the Commission to discharge its future regulatory obligations with respect to the parties and their interests.
7. Smart Card Services, Inc. is a telephone corporation and a public utility as defined in Pub. Util. Code Sections 234(a) and 216(a).

8. Smart Card has a minimum of \$25,000 of cash or cash equivalent that is reasonably liquid and readily available to meet its start-up expenses.

9. Smart Card has sufficient additional cash or cash equivalent to cover deposits that may be required by other telecommunications carriers in order to provide the proposed service.

10. Smart Card's management possesses sufficient experience, knowledge, and technical expertise to provide interexchange services to the public.

11. No one associated with or employed by Smart Card as an affiliate, officer, director, partner, or owner of more than 10% of Smart Card was previously associated with a telecommunications carrier that filed for bankruptcy; sanctioned by the Federal Communications Commission or any state regulatory agency for failure to comply with any regulatory statute, rule, or order; or previously associated with any telecommunication carrier that has been found either civilly or criminally liable by a court of appropriate jurisdiction for a violation of § 17000 *et seq.* of the California Business and Professions Code, or for any actions which involved misrepresentations to consumers, nor is currently under investigation for similar violations.

12. Smart Card has complied with Commission requirements for obtaining a Certificate of Public Convenience and Necessity as a switchless reseller of Interexchange Telephone Services.

13. Approving the CPCN Application and the Settlement Agreement is the relief requested by the parties and this relief is not opposed by any party in this proceeding.

Conclusions of Law

1. Nothing in the Settlement Agreement contravenes any statute or Commission decision or rule.

2. The benefits to the public of the Settlement Agreement outweigh the benefits of continued litigation.

3. With the filing of the Settlement Agreement, this proceeding becomes an uncontested matter. In approving the transaction and accepting the Settlement Agreement, we are granting the relief requested.

4. The penalty level of the Settlement Agreement is reasonable given the totality of the circumstances.

5. The Settlement Agreement should be approved.

6. Hearings are not necessary in this proceeding

7. Smart Card should be granted a CPCN to operate as a switchless reseller of interexchange telecommunications service in California, subject to the terms and conditions set forth in the Ordering Paragraphs.

8. Smart Card, once granted a CPCN, should be subject to the applicable Commission rules, decisions, General Orders, and statutes that pertain to California public utilities.

O R D E R

IT IS ORDERED that:

1. The April 23, 2014 Joint Motion by Smart Card Services, Inc. and the Commission's Safety and Enforcement Division, for Commission Adoption of Settlement pursuant to Article 12.1 of the Commission's Rules of Practice and Procedure is granted and the Settlement Agreement, Attachment A to this decision, is approved.

2. Smart Card Services, Inc. shall make a settlement payment of \$10,000.00 by check or money order payable to the California Public Utilities Commission and mailed or delivered to the Commission's Fiscal Office at 505 Van Ness Avenue,

San Francisco, California 94102, within 30 days of the effective date of this order. Smart Card shall write on the face of the check or money order "For deposit to the General Fund per Decision_____."

3. A certificate of public convenience and necessity is granted to Smart Card Services, Inc. to operate as a switchless reseller of interexchange telecommunications services in California, subject to the terms and conditions set forth below.

4. The corporate identification number assigned to Smart Card Services, Inc., U-7260-C, must be included in the caption of all original filings with this Commission, and in the titles of other pleadings filed in existing cases.

5. Smart Card Services, Inc. must obtain a performance bond of at least \$25,000 in accordance with Decision 13-05-035. The performance bond must be a continuous bond (i.e., there is no termination date on the bond) issued by a corporate surety company authorized to transact surety business in California, and the Commission must be listed as the obligee on the bond. Within five days of acceptance of its certificate of public convenience and necessity authority, Smart Card Services, Inc. must submit a Tier-1 advice letter to the Director of Communications, containing a copy of the license holder's executed bond, and submit a Tier 1 advice letter annually, but not later than March 31, with a copy of the executed bond.

6. Smart Card Services, Inc. must not allow its performance bond to lapse during any period of its operation. Pursuant to Decision 13-05-035, the Commission may revoke a certificate of public convenience and necessity if a carrier is more than 120 days late in providing the Director of the Communications Division a copy of its executed performance bond and the

carrier has not been granted an extension of time by the Communications Division.

7. Smart Card Services, Inc. is subject to the Consumer Protection Rules contained in General Order 168, and all applicable Commission rules, decisions, General Orders, and statutes that pertain to California public utilities.

8. Smart Card Services, Inc. must file, in this docket, a written acceptance of the certificate granted in this proceeding within 30 days of the effective date of this order.

9. Smart Card Services, Inc. must annually pay the user fee and public purpose surcharges specified in Attachment B. Per the instructions in Exhibit E to Decision 00-10-028, the Combined California Public Utilities Commission Telephone Surcharge Transmittal Form must be submitted even if the amount due is \$0. Under Public Utilities Code Section 405, carriers that are in default of reporting and submitting user fees for a period of 30 days or more will be subject to penalties including suspension or revocation of their authority to operate in California. Therefore, carriers should report user fees even if the amount due is \$0. In accordance with Decision 13-05-035, Smart Card Services, Inc. must pay a minimum user fee of \$100.00 or 0.18% of gross intrastate revenue, whichever is greater.

10. Prior to initiating service, Smart Card Services, Inc. must provide the Commission's Consumer Affairs Branch with the name and address of its designated contact person(s) for purposes of resolving consumer complaints. This information must be updated if the name or telephone number changes, or at least annually.

PROPOSED DECISION

11. Smart Card Services, Inc. must notify the Director of the Communications Division in writing of the date that local exchange service is first rendered to the public, no later than five days after service first begins.

12. Smart Card Services, Inc. must file an affiliate transaction report with the Director of the Communications Division, in compliance with Decision 93-02-019, on a calendar year basis using the form contained in Attachment D.

13. Smart Card Services, Inc. must file an annual report with the Director of the Communications Division, in compliance with General Order 104-A, on a calendar-year basis with the information contained in Attachment C to this decision.

14. The hearing determination for this proceeding is changed to no hearings necessary.

15. This proceeding is closed.

16. This order is effective today.

Dated _____, at San Francisco, California.

Attachment A

SETTLEMENT AGREEMENT

In order to avoid the costs and risks of further litigation and to expeditiously resolve this matter, the Safety and Enforcement Division of the California Public Utilities Commission (SED), and Smart Card Services, Inc. and its predecessors, successors, affiliates, and assigns ("Smart Card" or "Applicant") hereby agree upon the following terms for the settlement ("Settlement") of SED's Protest of Smart Card's Application for Registration as an interexchange carrier telephone corporation, A.13-12-016 ("Application"), pursuant to provisions of Public Utilities Code Section 1013.

L JOINT FACTUAL STATEMENT

1. Smart Card Services, Inc. is a corporation operating and existing under the laws of the State of Delaware, with its principal place of business in Pembroke Pines, Florida. Smart Card offers for sale prepaid phone cards providing international calling services. According to the Application, Ghassan Mourad has been the President since January 2008.

2. Smart Card acknowledges that it has already begun providing prepaid phone card services in California prior to filing this Application. Smart Card's FCC Form 499-A for 2012 and Form 499-Q indicate sales of prepaid phone cards of \$4,793,205.24 for 2012 and \$3,469,282.99 for 2013.

3. Smart Card has never been sanctioned by the Commission. Smart Card has shown willingness to resolve the regulatory issues raised by the Safety and Enforcement Division (SED). Staff found no complaints filed with the Federal Communications Commission (FCC), Better Business Bureau (BBB), Rip-off report.com, and the Commission's Consumer Affairs Branch (CAB).

4. On May 13, 2013, the Commission's Communications Division ("CD") staff notified Smart Card that it was unlawfully providing telecommunication services without obtaining the requisite operating authority. On June 19, 2013, Smart Card sent a letter to the CD staff stating that it would apply for a CPCN. On July 19, 2013, Smart Card sent its Registration for California to the Secretary of State, which was granted on August 22, 2013. On September 17, 2013, Smart Card sent its application for Registration as an Interexchange Carrier Telephone Corporation Pursuant to the Provisions of PU Code Section 1013. On December 2, 2013, the Commission rejected Smart Card's application for various reasons. On December 17, 2013, Smart Card submitted its revised application.

5. After reviewing Smart Card's Application, SED protested the Application on January 27, 2014. SED's Protest alleged Smart Card violated Sections 885-886 of the PU Code by operating without authority.

II. AGREEMENT

6. Acknowledgement. Smart Card acknowledges that Public Utilities Code Section 885 requires prepaid calling card companies to comply with the Commission registration requirements, and that Smart Card failed to obtain the required authority prior to its prepaid calling cards being used by consumers in California. Smart Card 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 SED in its Protest, Smart Card will pay \$10,000 to the State of California General Fund within 30 calendar days of the date of the Commission's approval of this Agreement.

IV. GENERAL PROVISIONS

8. Scope and Effect of Agreement. This Agreement represents a full and final resolution of SED's Protest, and the matters giving rise thereto. The parties understand that this Settlement Agreement is subject to approval by the Commission. As soon as practicable after the Parties have signed the Settlement Agreement, a Motion for Commission Approval and Adoption of the Settlement Agreement will be filed. The Parties agree to support the Settlement Agreement, recommend that the Commission approve it in its entirety without change and use their best efforts to secure Commission approval of it in its entirety without modification. The Parties agree that, if the Commission fails to adopt the Settlement Agreement in its entirety without material change, the Parties shall convene a settlement conference within 15 days thereof to discuss whether they can resolve any issues raised by the Commission's actions. If the Parties cannot mutually agree to resolve the issues raised by the Commission's actions, the Settlement Agreement shall be rescinded and the Parties shall be released from their obligation to support this Settlement Agreement. Thereafter, the Parties may pursue any action they deem appropriate, but agree to cooperate to establish a procedural schedule for the remainder of the proceeding.

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.

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.

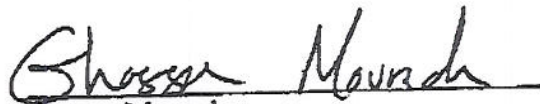
12. Entire Agreement. The Parties expressly acknowledge that the consideration recited in this Agreement is the sole and only consideration of this Agreement, and that no representations, promises, or inducements have been made by the Parties or any director, officer, employee, or agent thereof other 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.

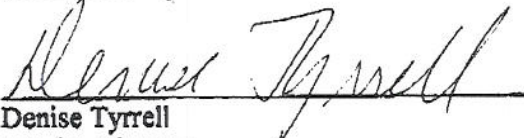
SMART CARD SERVICES, INC.

Dated: 4/10/2014

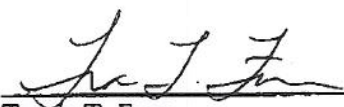

Ghassan Mourad
President
Smart Card Services, Inc.
15953 NW 16th CT
Pembroke Pines, FLA 33028

SAFETY AND ENFORCEMENT
DIVISION

Dated: 4/17/14


Denise Tyrrell
Interim Director
Safety and Enforcement Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Dated: 4/18/14


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

ATTACHMENT B**REQUIREMENTS APPLICABLE TO COMPETITIVE LOCAL EXCHANGE CARRIERS AND INTEREXCHANGE CARRIERS**

1. Applicant must file, in this docket with reference to this decision number a written acceptance of the certificate granted in this proceeding within 30 days of the effective date of this order.
2. Applicant is subject to the following fees and surcharges that must be regularly remitted. Per the instructions in Exhibit E to Decision (D.) 00-10-028, the Combined California PUC Telephone Surcharge Transmittal Form must be submitted even if the amount due is \$0. In accordance with Decision 13-05-035, applicant must pay a minimum user fee of \$100.00 or 0.18% of gross intrastate revenue whichever is greater.
 - a. The Universal Lifeline Telephone Service Trust
 - b. Administrative Committee Fund (Pub. Util. Code § 879);
 - c. The California Relay Service and Communications Devices
 - d. Fund (Pub. Util. Code § 2881; D.98-12-073);
 - e. The California High Cost Fund-A (Pub. Util. Code § 739.3;
 - f. D.96-10-066, at 3-4, App. B, Rule 1.C);
 - g. d. The California High Cost Fund-B (D.96-10-066, at 191,
 - h. App. B, Rule 6.F.; D.07-12-054);
 - i. e. The California Advanced Services Fund (D.07-12-054);
 - j. f. The California Teleconnect Fund (D.96-10-066, at 88,
 - k. App. B, Rule 8.G).
 - l. g. The User Fee provided in Pub. Util. Code §§ 431-435.

Note: These fees change periodically. In compliance with Resolution T-16901, December 2, 2004, Applicant must check the joint tariff for surcharges and fees filed by Pacific Bell Telephone Company (dba AT&T California) and apply the current surcharge and fee amounts in that joint tariff on end-user bills until further revised. Current and historical surcharge rates can be found at <http://www.cpuc.ca.gov/PUC/Telco/Consumer+Information/surcharges.htm>.

- Carriers must report and remit CPUC telephone program surcharges online using the CPUC Telecommunications and User Fees Filing System (TUFFS). Information and instructions for online reporting and payment of surcharges are available at <http://www.cpuc.ca.gov/PUC/Telco/Information+for+providing+service/Surcharge+Remittance.htm>. To request a user ID and password for TUFFS online filing and for questions, please e-mail Telco_surcharges@cpuc.ca.gov.
 - Carriers must file and pay the PUC User Fee (see above item 2g) upon receiving the User Fee statement sent by the Commission. User Fees cannot be reported or paid online. Instructions for reporting filing are available at <http://www.cpuc.ca.gov/PUC/Telco/Information+for+providing+service/userfee.htm>. Please call (415) 703-2470 for questions regarding User Fee reporting and payment.
3. Applicant must obtain a performance bond of at least \$25,000 in accordance with Decision 13-05-035. The performance bond must be a continuous bond (i.e. there is no termination date on the bond) issued by a corporate surety company authorized to transact surety business in California, and the Commission must be listed as the obligee on the bond. Within five days of acceptance of Certificate of Public Convenience and Necessity authority, Applicant must submit a Tier-1 advice letter to the Director of Communications, containing a copy of the license holder's executed bond, and submit a Tier-1 advice letter, but not later than March 31, with a copy of the executed bond.
4. Applicant must not allow its performance bond to lapse during any period of its operation. Pursuant to Decision 13-05-035, the Commission may revoke a Certificate of Public Convenience and Necessity if a carrier is more than 120 days late in providing the Director of the Communications Division a copy of its executed performance bond and the carrier has not been granted an extension of time by the Communications Division.
5. Applicant is a competitive local exchange carrier (CLC). The effectiveness of its future tariffs is subject to the requirements of General Order 96-B and the Telecommunications Industry Rules (D.07-09-019).
6. Applicant is a non-dominant interexchange carrier (NDIEC). The effectiveness of its future NDIEC tariffs is subject to the requirement of General Order 96-B and the Telecommunications Industry Rules (D.07-09-019).

PROPOSED DECISION

7. Tariff filings must reflect all fees and surcharges to which Applicant is subject, as reflected in #2 above.
8. Applicant must file a service area map as part of its initial tariff.
9. Prior to initiating service, Applicant must provide the Commission's Consumer Affairs Branch with the name and address of its designated contact person(s) for purposes of resolving consumer complaints. This information must be updated if the name or telephone number changes, or at least annually.
10. Applicant must notify the Director of the Communications Division in writing of the date that local exchange service is first rendered to the public, no later than five days after service first begins.
11. Applicant must notify the Director of the Communications Division in writing of the date local service is first rendered to the public within five days after service begins.
12. Applicant must keep its books and records in accordance with the Generally Accepted Accounting Principles.
13. In the event Applicant's books and records are required for inspection by the Commission or its staff, it must either produce such records at the Commission's offices or reimburse the Commission for the reasonable costs incurred in having Commission staff travel to its office.
14. Applicant must file an annual report with the Director of the Communications Division, in compliance with GO 104-A, on a calendar-year basis with the information contained in Attachment C to this decision.
15. Applicant must file an 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 contained in Attachment D.
16. Applicant must ensure that its employees comply with the provisions of Pub. Util. Code § 2889.5 regarding solicitation of customers.

PROPOSED DECISION

17. Within 60 days of the effective date of this order, Applicant must comply with Pub. Util. Code § 708, Employee Identification Cards, and notify the Director of the Communications Division in writing of its compliance.

18. If Applicant is 90 days or more late in filing an annual report, or in remitting the surcharges and fee listed in #2 above, and has not received written permission from the Communications Division to file or remit late, the Communications Division must prepare for Commission consideration a resolution that revokes Applicant's CPCN.

19. Applicant is exempt from Rule 3.1(b) of the Commission Rules of Practice and Procedure

20. Applicant is exempt from Pub. Util. Code §§ 816-830.

21. Applicant is exempt from the requirements of Pub. Util. Code § 851 for the transfer or encumbrance of property whenever such transfer or encumbrance serves to secure debt.

22. If Applicant decides to discontinue service or file for bankruptcy, it must immediately notify the Communications Division's Bankruptcy Coordinator.

23. Applicant must send a copy of this decision to concerned local permitting agencies no later than 30 days from the date of this order.

(END OF ATTACHMENT B)

ATTACHMENT C

ANNUAL REPORT

An original and a machine readable, copy using Microsoft Word or compatible format must 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 Pub. Util. Code §§ 2107 and 2108.

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.
 12. Cash Flow statement as of December 31st of the calendar year for which information is submitted, for California operations only.
- For answers to any questions concerning this report, call (415) 703-2883.

(END OF ATTACHMENT C)

ATTACHMENT D

CALENDAR YEAR AFFILIATE TRANSACTION REPORT

An original and a machine readable, copy using Microsoft Word and Excel, or compatible format must 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 May 1st of the year following the calendar year for which the annual report is submitted.

1. Each utility must 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)
- Voting rights held by the utility and percent; and
- Corporate officers.

2. The utility must 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 must 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 and/or affiliate) in the lower levels. Any regulated subsidiary must 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 that 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 ATTACHMENT D)