

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K/A

Annual report pursuant to section 13 and 15(d) [amend]

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FILER

EXECUTIVE TELECARD LTD

CIK: **842807** | IRS No.: **133486421** | State of Incorporation: **DE** | Fiscal Year End: **0331**
Type: **10-K/A** | Act: **34** | File No.: **001-10210** | Film No.: **98668892**
SIC: **7389** Business services, nec

Mailing Address
1720 SOUTH BELLAIRE
STREET SUITE 1000
10TH FL
DENVER CO 80222

Business Address
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STREET, SUITE 1000
10TH FL
DENVER CO 80222
3036912115

SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

FORM 10-K/A

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 1998

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 1-10210

EXECUTIVE TELECARD, LTD.

(Exact name of registrant as specified in its charter)

Delaware 13-3486421
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation of organization)

1720 South Bellaire Street, Suite 1000, Denver, Colorado, 80222

(Address of principal executive offices)

Registrant's telephone number, including area code: (303) 691-2115

Securities registered pursuant to Section 12(b) of the Act: NONE

Securities registered pursuant to section 12(g) of the Act:

Common Stock \$.001 Par Value
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark if disclosure of delinquent filers

pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. []

The aggregate market value of the voting stock held by non-affiliates of the registrant based on the closing sale price of such stock as of May 31, 1998 amounted to \$46,229,314.

The number of shares outstanding of each of the registrant's classes of common stock as of May 31, 1998 was 17,346,766 shares, all of one class of \$.001 par value Common stock.

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EXECUTIVE TELECARD, LTD.

FORM 10-K

FISCAL YEAR ENDED MARCH 31, 1998

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EXECUTIVE TELECARD, LTD.

EXPLANATORY NOTE

This Form 10-K A amends Item 14 (Exhibits, Financial Statements, Schedules and Reports on Form 8-K) to add the following exhibits that were inadvertently omitted from the Company's Form 10-K:

Exhibit	Description
10.17	Agreement for Telephone Service Through Metromedia ITT Long Distance Travel Card, dated September 10, 1990, between Executive TeleCard S.A. and Communications Services, Inc. d/b/a Metromedia ITT Long Distance.

- 10.18 Agreement for Telephone Service Through, dated September 5, 1990, between Executive TeleCard S.A. and ATC.
- 10.19 Contract of Services, dated January 5, 1995, between the Company and Telefonos de Mexico, S.A. de C.V.
- 10.20 Modification Agreement, dated as of June 17, 1996, by and between the Company and Telefonos de Mexico, S.A. de C.V.
- 10.21 Agreement for Telephone Service Through LiTel Telecommunications Corp., dated November 1, 1991, between Executive TeleCard S.A. and LiTel Telecommunications Corp.

PART IV

ITEM 14 - Exhibits, Financial Statements, Schedules and Reports on Form 8-K

- a) 1. The financial statements are included in Part II, Item 8 beginning at Page F-1:

2. Financial Statement Schedule

Schedule II Valuation and Qualifying Accounts

- b) Reports on Form 8-K:

A report on Form 8-K dated June 24, 1998 under Item 2 was filed with the Commission on June 24, 1998 to report the signing of a definitive agreement to acquire IDX International, Inc.

- c) Exhibits:

3.1 Restated Certificate of Incorporation as amended July 26, 1996 and August 29, 1996 filed as Exhibit 3.1 to the Company's Form 10-Q for the period ended September 30, 1996 and incorporated herein by reference.

3.2 Amended and Restated Bylaws.

4.1 Rights Agreement dated as of February 18, 1997 between the Company and American Stock Transfer & Trust Company, which includes the form of Certificate of Designations setting forth the terms of the Series A

Participating Preference Stock, par value \$.001 per share, as Exhibit A, the Form of Right Certificate as Exhibit B and the Summary of Rights to Purchase Preference Shares as Exhibit C filed as Exhibit 1 to the Company's Registration Statement on Form 8-A (No. 1-10210) and incorporated herein by reference.

- 4.2 Form of Letter from the Board of Directors of the Company to Stockholders mailed with copies of the Summary of Rights filed as Exhibit 2 to the Company's Registration Statement on Form 8-A (No. 1-10210) and incorporated herein by reference.
- 10.1 Daniel Elektronik Development Agreement filed as Exhibit 10.6 to the Company's Form S-1 Registration Statement (No. 3325572) and incorporated herein by reference.
- 10.2 Agreement between Executive TeleCard S.A. (Switzerland) and Telstra Corporation Limited (Australia) for Enhancement of Telecom Australia Calling Card dated August 3, 1993 filed as Exhibit 10.12 to the Company's Form 10-K for the period ended March 31, 1996 and incorporated herein by reference. This Agreement is subject to a grant of confidential treatment filed separately with the U.S. Securities and Exchange Commission.
- 10.3 Office Building Lease between Executive TeleCard, S. A. and Provident Life and Accident Insurance Company dated December 15, 1995 for the 1720 South Bellaire, Denver, Colorado offices and First Amendment to the Lease Form 10-K for the period ended March 31, 1996 and incorporated herein by reference.
- 10.4 Promissory Note and Stock Option Agreement between the Company and World Wide Export, Ltd. dated February 28, 1996 filed as Exhibit 10.20 to the Company's Form 10-K for the period ended March 31, 1996 and incorporated herein by reference.
- 10.5 Promissory Note and Stock Option Agreement between the Company and Seymour Gordon dated February 28, 1996 filed as Exhibit 10.21 to the Company's Form 10-K for the period ended March 31, 1996 and incorporated herein by reference.
- 10.6 Promissory Note and Stock Option Agreement between the Company and Network Data Systems, Limited dated June 27, 1996 filed as Exhibit 10.2 to the Company's Form 10-Q for the period ended June 30, 1996 and incorporated herein by reference.
- 10.7 Settlement Agreement and Mutual Release dated as of May

28, 1996 between the Company Ltd. and Walter K. Krauth, Jr. filed as Exhibit 10 to the Company's Form 8-K dated May 28, 1996 and incorporated herein by reference.

- 10.8 Settlement Agreement dated April 2, 1998 between the Company and parties to In re: Executive TeleCard, Ltd. Securities Litigation, Case No. 94 Civ. 7846 (CLB), U.S.D.C., S.D.N.Y.
- 10.9 1995 Employee Stock Option and Appreciation Rights Plan, as amended and restated.
- 10.10 1995 Directors Stock Option and Appreciation Rights Plan, as amended and restated.
- 10.11 Employment Agreement for Christopher J. Vizas dated December 5, 1997 filed as Exhibit 10 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 1997 and incorporated herein by reference.
- 10.12 Employment Agreement for Colin Smith dated February 1, 1998.
- 10.13 Employment Agreement for Ronald A. Fried dated February 20, 1998.
- 10.14 Promissory Note dated February 23, 1998 between the Company and IDT Corporation.
- 10.15 Warrant to purchase 500,000 shares of common stock of the Company dated February 23, 1998 issued to IDT Corporation.
- 10.16 Consulting Agreement for John Koonce dated April 13, 1998.
- 10.17 Agreement for Telephone Service Through Metromedia ITT Long Distance Travel Card, dated September 10, 1990, between Executive TeleCard S.A. and Communications Services, Inc. d/b/a Metromedia ITT Long Distance.
- 10.18 Agreement for Telephone Service Through, dated September 5, 1990, between Executive TeleCard S.A. and ATC.
- 10.19 Contract of Services, dated January 5, 1995, between the Company and Telefonos de Mexico, S.A. de C.V.
- 10.20 Modification Agreement, dated as of June 17, 1996, by and between the Company and Telefonos de Mexico, S.A. de C.V.

- 10.21 Agreement for Telephone Service Through LiTel Telecommunications Corp., dated November 1, 1991, between Executive TeleCard S.A. and LiTel Telecommunications Corp.
- 10.22 Agreement and Plan of Merger, dated June 17, 1998, by and among the Company, IDX International, Inc., EXTL Merger Sub No. 1 and the stockholders of IDX International, Inc., filed as Exhibit 2.1 to the Company's current report on Form 8-K filed with the Commission on June 24, 1998.
- 21 Subsidiaries of the Registrant
- 23 Consent of BDO Seidman, LLP
- 27 Financial Data Schedule
- 99.1 Section 214 License filed as Exhibit 10.5 to the Company's Form S-1 Registration Statement (No. 33-25572) and incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EXECUTIVE TELECARD, LTD.

Dated: June 26, 1998

BY: _____/S/_____

Anne E. Haas

Vice President, Controller and Treasurer

Pursuant to the requirement of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in capacities and on the dates indicated.

Dated: June 26, 1998 BY: _____/S/_____

Christopher J. Vizas

Chairman of the Board of Directors,
and Chief Executive Officer
(Principal Executive Officer)

Dated: June 26, 1998 BY: _____/S/_____

Anne E. Haas

Vice President, Controller and Treasurer
(Principal Accounting Officer)

Dated: June 26, 1998 BY: _____/S/_____

Anthony Balinger,
Vice Chairman and Director

Dated: June 26, 1998 BY: _____/S/_____
Edward J. Gerrity,
Director

Dated: June 26, 1998 BY: _____/S/_____
James O. Howard,
Director

Dated: June 26, 1998 BY: _____/S/_____
John E. Koonce,
Director

Dated: June 26, 1998 BY: _____/S/_____
Richard A. Krinsley,
Director

Dated: June 26, 1998 BY: _____/S/_____
Martin L. Samuels,
Director

Dated: June 26, 1998 BY: _____/S/_____
Donald H. Sledge,
Director

Dated: June 26, 1998 BY: _____/S/_____
David W. Warnes,
Director

AGREEMENT
FOR TELEPHONE SERVICE
THROUGH METROMEDIA<>ITT LONG DISTANCE TRAVEL CARD

Dated: 09/10/1990

Between

Executive TeleCard S.A. (hereinafter referred to as "TeleCard"), whose address is Rue de la Morache 14, 1260 Nyon, Switzerland,

And

Communications Services, Inc. d/b/a Metromedia<>ITT Long Distance, a corporation duly organized and existing under the laws of the State of Delaware, USA and having its principal office at 100 Plaza Drive, Secaucus, N.J. 07096, USA (hereinafter referred to as "Metromedia<>ITT")

1. The Service

TeleCard is engaged in the business of providing a service which enables users of the public telephone systems in certain countries other than the United States of America (see Appendix I) to charge their calls to a travel card (the "Service"). TeleCard agrees to make the Service available for resale to holders of Metromedia<>ITT Travel Cards. Metromedia<>ITT agrees to resell the Service to its Travel Card holders on a per request basis.

2. Term

The term of this Agreement shall be for two years and commence on the first written above. Unless terminated in accordance with Clause 9, Agreement shall automatically renew for additional periods of 12 months.

3. Operations

3.1 When used in this Agreement, unless the context

otherwise requires, of the terms set forth hereinbelow shall have the meaning as indicated below:

- a) "Metromedia<>ITT Card(s)" and "Metromedia<>ITT Travel Cards" shall mean an unexpired calling card(s) bearing the service mark (s) trade mark(s) and/or trade name of Metromedia<>ITT and a design or style as may, from time to time, determined Metromedia<>ITT.
- b) "Cardholder(s)" shall mean the person or entity whose name appears on the Metromedia<>ITT as the authorized user thereof.
- c) "Hot Card Notice" shall mean a notification supplied daily Metromedia<>ITT to TeleCard containing the card numbers of Metromedia<>ITT Cards which are to be blocked from use.
- d) "Stop List" shall mean the list to be supplied daily Metromedia<>ITT to TeleCard, containing the card number Metromedia<>ITT Travel Cards which are being improperly used and any lost, stolen and/or cancelled Metromedia<>ITT cards which then to be blocked from use.
- 3.2 TeleCard will establish a system elected by Metromedia<>ITT that Cardholders to use their current Metromedia<>ITT number to telephone calls. If Metromedia<>ITT selects the pin number security system, TeleCard will assign these numbers at cost to Metromedia<>ITT. If Metromedia<>ITT prefers verification of valid cards be done via service center, the technicians from both companies will work out details, costs to be shared equally.
- 3.3 Telecard will adapt its software to accept the Metromedia<>ITT numbering system and technical specifications as outlined in Appendix II.
- 3.4 Telecard shall send to Metromedia<>ITT before the 29th of each month a magnetic tape containing the information

necessary for Metromedia<>ITT to bill its Cardholders for telephone calls made and charged through Telecard during the preceding month.

- 3.5 Telecard will bill Metromedia<>ITT in the currency of the United States of America ("US Dollars"). Where Telecard must convert from another currency to US Dollars it shall use the conversion rate contained in the Wall Street Journal on the date of bill preparation.
- 3.6 Metromedia<>ITT shall pay Telecard in US Dollars all charges recorded by Telecard minus the "discount fee" to Metromedia<>ITT (see Article 7 of this Agreement), within thirty (30) days after receipt of the magnetic tape containing the billing information.
- 3.7 An annual service charge of US \$9.95 will be billed to Metromedia<>ITT for each Card accessing the Executive Telecard dialing system. ETI will bill this fee annually in the tapes it prepares and sends to Metromedia for billing. This annual service charge will only be applied to each account that actually uses the Card to access the Executive Telecard dialing System the first time in each new calendar year.
- 3.8 Metromedia<>ITT will establish its prices to the Cardholders, invoice and collect from the Cardholder in accordance with the normal procedures and practices of Metromedia<>ITT.
- 3.9 Metromedia<>ITT shall be entitled to refuse payment of a service charge imposed on a Cardholder, or a call made by a Cardholder through Telecard, or if payment has been made, to claim an immediate refund, if:
 - a) a call was made more than sixty (60) days prior to the billing date, or,
 - b) the call was made with an expired Metromedia<>ITT Card or a Notice call was made; or
 - c) the Cardholder refuses to make payment to Metromedia<>ITT in respect of such call on the grounds of poor transmission quality, or misdialing, the call was not completed, or, the Cardholder did not authorize the call.
- 3.10 TeleCard, working within parameters to be set by Metromedia<>ITT, is to develop a near-real-time capability for identifying and controlling fraudulent usage. The basis for determining potentially fraudulent usage could be, but is not limited to, any of the following criteria:
 - excessive attempts from a single CAVIAR unit;
 - excessive minutes of usage per day/week/month;
 - excessive duration per call;

- concurrent usage from multiple CAVIAR units. Telecard is to provide the capability to dynamically cancel codes upon detection as potentially compromised.

3.11 TeleCard covenants, warrants and agrees that it shall not make any extra or special charge in connection with any call made by a Cardholder and will bill according to published prices.

4. Marketing

4.1 After a mutually agreed upon "start date", Metromedia<>ITT will distribute to all Cardholders requesting the "Service" instructional material illustrating how the Cardholder will use the "Service" and such other promotional and user material that Metromedia<>ITT deems suitable for the promotion of the use of the "Service".

4.2 Metromedia<>ITT at its own cost and expense, shall in its sole discretion, advertise, use direct mail, engage in sales promotions and other related marketing activities as Metromedia<>ITT deems suitable to promote the use of the "Service". The promotion of the "Service" will commence after the mutually agreed upon start date.

4.3 TeleCard will provide free-of-charge technical and marketing assistance in the production of Cardholder information for use of the service.

4.4 TeleCard will supply to Metromedia<>ITT at TeleCard's cost any user material, such as touch tone pads, necessary for the Cardholder to use the "Service" in some countries. The at cost prices to Metromedia<>ITT, quantities and delivery deadlines must be reasonable and agreed upon in advance or periodically between the parties. The method of distribution of such materials is left to the sole discretion of Metromedia<>ITT.

5. Trademarks and Logos

5.1 TeleCard hereby warrants and represents that it has the right to use and authorizes

Metromedia<>ITT for the term of this Agreement to publish the name of TeleCard and the locations of the " Service" in any advertising, newsletters and directory of merchants or other publication of Metromedia<> ITT.

5.2 Metromedia<>ITT agrees that the Executive TeleCard International trademarks and logos belong to TeleCard and will devote its best efforts during and after the Term to protect TeleCard's interests in these trademarks and logos.

5.3 Executive TeleCard International agrees that Metromedia<>ITT trademarks and logos belong to Metromedia<>ITT and will devote its efforts during and after the Term to protect Metromedia<>ITT's interests in these trademarks and logos.

5.4 Each Party shall obtain from the other Party approval in writing, to publication, of any advertising and/or promotional mat containing the service marks and/or trademarks of the other Party.

6. Independent Contractors

6.1 Metromedia<>ITT is not acting on behalf of TeleCard.

6.2 TeleCard is not acting on behalf of Metromedia<>ITT.

6.3 This Agreement does not in any way create the relationship of venture, partnership, or principal and agent between Metromedia and TeleCard. TeleCard shall not act or attempt to act; or represent i~ directly or by implication, as agent for Metromedia<>ITT or in any manner assume or create or attempt to assume or create any obligation on behalf or in the name of Metromedia<>ITT.

7. Compensation

For the marketing and administrative services rendered, including billing to and collection from the Cardholders, TeleCard will grant Metromedia<>ITT "discount fee" of 396 of toll charges resulting from the use of the "Service by the cardholders. Metromedia<>ITT will deduct the "discount fee" from each

payment made to TeleCard.

8. Confidentiality

- 8.1 As a result of carrying out this Agreement, the Parties will have access to confidential material and information belonging to the other Party, including but not limited to, client lists, employee lists, procedure manuals and techniques and programs used by the company or planned to be used in the future ("Confidential Information"). This Confidential Information has been acquired by the Party after considerable expense, time and energy. Each Party agrees to protect the Confidential Information from disclosure to third parties and limit access to those employees and officers of the receiving Party's organization who have need to know the Confidential Information for the purposes of this Agreement.
- 8.2 The obligations imposed upon the Parties in this Article 8 shall not apply to Confidential Information:
- a. which becomes generally available to the public through no wrongful act of the Receiving Party; or
 - b. which is already lawfully in the possession of the Receiving Party and not subject to an existing agreement of confidentiality between the Parties; or,
 - c. which is received from a third party without restriction and without breach of this agreement; or
 - d. which is independently developed by the Receiving Party; or
 - e. which is furnished to a third party by the Disclosing Party without similar restriction to the third party's rights; or
 - f. which is disclosed pursuant to the binding order of a government agency or a court so long as the Disclosing Party provides the other party with notice of such disclosure prior to any such disclosure.
- 8.3 In the event of a breach of this Article B, the Parties agree that the harm suffered by the injured party would not be compensable by monetary damages alone and, accordingly, that the injured party shall, in addition to other available legal or equitable remedies, be entitled to an injunction against such breach.

9. Termination

- 9.1 Metromedia<>ITT can terminate this Agreement upon 120 days written notice to TeleCard prior to the end of the initial period or the end of any subsequent annual renewal period. TeleCard can terminate this Agreement upon 120 days written notice to Metromedia<>ITT prior to end of the initial period or the end of any subsequent annual renewal period.
- 9.2 Upon termination of this Agreement, discount fees will continue to be paid as outlined in Article 7, for the "Service" used by Cardholders before termination, as long as billing and collection are performed by Metromedia<>ITT.
- 9.3 Termination of this Agreement for any reason shall not release either party hereto from any accrued liability to the other party. Metromedia<>ITT's right to terminate this Agreement as provided above shall be without prejudice to any other rights provided to it by law or equity.
- 9.4 Upon the termination of this Agreement, for whatsoever reason, TeleCard shall cease to use or refer in any manner to the service marks and/or trademarks of Metromedia<>ITT or any other design (hereinafter collectively referred to as the "Marks") on or relating to Metromedia<>ITT and shall return to Metromedia<>ITT all publications, promotional materials or other items bearing the Marks which have been sent to TeleCard pursuant to this Agreement which are in Telecard's possession.

10. Assignment

- 10.1 Except as provided below, it is expressly agreed that both parties not assign or transfer all or any part of its rights under Agreement. Metromedia<>ITT shall have the right to assign agreement to any person or entity controlling, controlled by or u~ common control with it. Any other assignment or transfer of Agreement, or any assignment or transfer of any interest in this Agreement, without the prior written approval of both parties, she: null and void and of no effect.

11. Warranties

11.1 TeleCard represents and warrants that it has the requisite authority and holds the necessary licenses, permits and certificates to provide the Service in each jurisdiction in which the Service is offered.

11.2 Metromedia<>ITT will not make any warranty to its prospects and clients beyond those made by TeleCard.

12. Hold Harmless

12.1 TeleCard shall indemnify, defend, protect and hold Metromedia<>ITT and its parents, subsidiaries, affiliates, employees, officers, directors, agents harmless in respect of:

- a) any and all losses, damages, liabilities or expenses (including, without limitation, costs of judgment and attorneys' fees) arising from or related to claims, actions or proceedings resulting from TeleCard's violation of any representation or warranty contained in this Agreement or failure to perform or observe any of its obligations under this Agreement;
- b) any loss, damage or liability suffered or incurred as a result of any failure or omission of TeleCard to charge, report or pay any taxes required by law to be charged, reported or paid in connection with any Metromedia<>ITT Card transaction contemplated by this Agreement.
- c) any loss, damage, liability or expense (including, without limitation, costs of judgment and attorneys' fees) suffered or incurred as a result of claims for infringement of trademark copyrights arising out of this Agreement.

13 Force Majoure

TeleCard's performance under this Agreement shall be suspended for as long as and to the extent the performance is prevented if in certain countries the local telephone authorities cannot or will not allow the Service or in case of acts of governments or Force Majeure.

14. Communications

14.1 Any notice or communication by either party to the other shall be in writing and shall be deemed to have been duly given if either delivered personally, by telefax transmission, or by prepaid registered mail, addressed to the other party at the appropriate address stated above, or at such other address as such party hereto may hereafter specify to the other party.

15. General Provisions

15.1 This Agreement shall be governed by and construed in accordance with the laws of the State of New York, U.S.A. and the Parties hereby submit to the jurisdiction of the courts situated within the State of New York for such purpose.

15.2 If any provision of this Agreement is held invalid illegal or unenforceable in any respect, such invalidity, illegality or enforceability of any other provision hereof; provided that such invalidity does not materially prejudice either party in their respective rights and obligations contained in the valid terms, covenants or conditions.

15.3 The failure of either party to require the performance of any of the terms of this Agreement or the waiver by either party of any default under this Agreement shall not prevent a subsequent enforcement of such term, nor be deemed a waiver of any subsequent breach.

15.4 The use of any gender shall include all genders, and the use of any number shall be construed as the singular or the plural, as the context may require.

15 .5 The obligations of each of the Parties under this Agreement is subject to the condition that the use of the Service is not in violation of any applicable laws, rules, regulations or orders of any governmental or quasi-governmental agencies having jurisdiction over such service.

15.6 The terms and conditions of this Agreement supersede all prior agreements, representations

and understanding between the parties with respect to the subject matter hereof and shall not be held to have been waived or, except as otherwise specifically provided herein altered or supplemented in any way except by in writing.

16. Arbitration

16.1 Any dispute concerning this contract or related agreement, in particular as to their existence, validity, interpretation, performance or non-performance, whether arising before or after the expiration of the contract, will be settled by arbitration.

16.2 The seat of the arbitration will be New York, New York.

16.3 The arbitration shall take place in accordance with the Commercial Rules of Arbitration of the American Arbitration Association applicable at the seat of the arbitration.

16.4 Judgement upon the award rendered may be entered in any court having jurisdiction or application and may be made to such court for a judicial acceptance of the award and an order of enforcement, as the case may be.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the day and year first set forth above.

COMMUNICATIONS SERVICES, INC. d/b/a

METROMEDIA<>ITT LONG DISTANCE

EXECUTIVE TELECARD

By:
Title:
Date:

By:
Title:
Date:

AGREEMENT

FOR TELEPHONE SERVICE

THROUGH ATC

Dated: September 5, 1990

between

Executive TeleCard S.A. (hereinafter referred to as "TeleCard"), whose address is Rue de la Morache 14, 1260 Nyon, Switzerland,

and

ATC, a corporation duly organized and existing under the laws of USA having its principal office at 1515 South Federal Highway, Boca Raton, Florida, 33432 (hereinafter referred to as "Company X")

The Service

TeleCard is engaged in the business of providing a service which enables users of the public telephone systems of a number of countries to charge their calls to a credit card while in that country. The calls charged can be domestic or international. The cards used may be any credit card that has been activated in TeleCard's dialing system database. All calls -are redialed through the local country's Postal Telephone & Telegraph Company (PTT), thereby making accessible to callers the worldwide network of that particular country's telephone system.

Terms

The terms of this contract are from September 5, 1990 to September 5, 1993. Unless terminated in accordance with clause 9, this agreement will be renewed for periods of 12 months at a time.

3. Operations

3.1 When used in this Agreement, unless the context otherwise requires, each of the terms set forth herein below shall have the meaning as indicated below:

a) "Company X Card(s) n shall mean an unexpired credit

card(s) bearing the service marks, trade mark(s) and/or trade name of Company X and a design or style as may, from time to time, be determined by Company X.

b) "Cardholder(s)" shall mean the person or entity whose name appears on the Company X Card as the authorized user thereof.

c) "Hot Card Notice" shall mean a notification supplied by Company X to TeleCard containing the number of Company X cards which are to be blocked from use.

d) "Stop List" ("Black List") shall mean the list to be supplied regularly by Company X to TeleCard, containing the card numbers of Company X cards which are being improperly used and any lost, stolen and/or cancelled Company X cards which are then to be blocked from use.

3.2 TeleCard will transmit to Company X on a mutually agreed upon interval, information as to the telephone usage totals for each cardholder so that Company X may apply its own standards for "floors", "ceilings" and other credit limit decisions. Control over which card is not authorized to charge telephone calls will be via regularly transmitted "black lists" from Company X to TeleCard. TeleCard will update all of its worldwide databases with the most current black list within 24 hours of receipt.

3.3 TeleCard will establish a system that allows Company X cardholders to use their current Company X number to charge telephone calls.

3.4 TeleCard will adapt its software to accept the Company X numbering system and technical specifications.

3.5 TeleCard shall send to Company X every two weeks a magnetic tape containing the information necessary for Company X to bill its cardholders for telephone calls made and charged through TeleCard.

3.6 TeleCard will bill Company X in currency rates of the country in which the call was made or in U.S. dollars.

3.7 Company X shall pay TeleCard in the currency billed minus the compensation to Company X (see article 7 of this agreement), 14 days after receipt of the magnetic tape containing the billing information.

3.8 Company X will invoice and collect from the cardholder in accordance with the normal procedures and practices of Company X.

3.9 Company X shall be entitled to refuse payment to TeleCard in respect of a call made by a cardholder through TeleCard, or if payment has been made, to claim an immediate refund, if:

- a) the call was made with an expired Company X Card or a Company X Card appearing on a Stop List, Hot Notice or Black List received by TeleCard in time to be posted to the ETI database;
- b) the cardholder refuse" to make payment to Company X in respect of such call on the grounds of poor transmission quality or misdialing;
- c) The cardholder (past or present) refuses to make payment to Company X because such cardholder asserts that the subject call was unauthorized.

TeleCard covenants, warrants and agrees that it shall:

- a) not make any extra or special charge in connection with any call made by a cardholder and will bill according to published prices.
- b) deal with all complaints made by cardholders in accordance with the procedures in Appendix A attached hereto and made a part hereof.

4. Marketing

4.1 Company X will distribute to all of its cardholders or selected cardholders, instructional material as to how the cardholder will use the "Service" and such other promotional and user material which Company X deems suitable to promote the use of the "Service."

4.2 Company X shall advertise, use direct mail, engage in sales promotions and other related -marketing activities that Company X deems suitable to promote the use of the "Service" and at Company X's expense.

4.3 TeleCard will provide free-of-charge technical and marketing assistance in the production of cardholder information for use of the service.

5. Trademarks. Service Marks and Logos

5.1 TeleCard hereby authorizes Company X for the term of this Agreement to publish the name of TeleCard and the locations of the "Service" in any directory of merchants or other publication of Company X.

5.2 Company X agrees that the Executive TeleCard International trademarks, service marks and logos belong to TeleCard and will devote its best efforts during and after the Term to protect TeleCard's interests in these trademarks, service marks and logo.

5.3 TeleCard shall obtain from Company X approval in writing, prior to publication, of any advertising and/or promotional materials containing the service marks and/or trademarks of Company X.

6.0 Power of Attorney/Claims

6.1 Company X is not acting on behalf of TeleCard.

6.2 TeleCard is not acting on behalf of Company X.

6.3 This Agreement does not in any way create the relationship of joint venture, partnership, or principal and agent between Company X and TeleCard. TeleCard shall not act or attempt to act, or represent itself, directly or by implication, as agent for Company X or in any manner assume or create or attempt to assume or create any obligation on behalf or in the name of Company X.

7. Compensation

7.1 For the marketing and administrative services rendered, including billing to and collection from the cardholders, TeleCard will grant Company X a "discount fee" of 3% of toll charges resulting from the use of the "Service" by the cardholders. Company X will deduct the "discount fee" from each payment made to TeleCard. Company X may elect to increase the discount fee for calls originated outside the United States by instructing TeleCard to increase its international tariff rate by a percentage not to exceed ten (10%) per cent. TeleCard will retain twenty-five (25%) per cent of said increase and the balance will be discounted by Company X. This election may be made by Company X once each year on the annual anniversary date of this agreement and become effective no later than 60 days thereafter.

7.2 An annual service charge of US\$ 9.95 will be billed to Company X cardholders who utilize the service for calls originated outside of the United States to maintain their eligibility to access the Executive TeleCard dialing system.

ETI will bill this fee annually in the tapes it prepares and sends to Company X for billing. This annual service charge will only be applied to people who actually use the card the first time in each new calendar year.

7.3 Tariff rates billed by TeleCard will not exceed a 40% markup from Postal Telephone and Telegraph (PTT) standard cost.

8. Confidentiality

8.1 As a result of carrying out this Agreement, Company X will have access to confidential material and information belonging to TeleCard, and TeleCard will have access to confidential material and information belonging to Company X such as client lists, employee lists, procedure manuals and techniques and programs used by the company or planned to be used in the future, etc. This confidential information has been acquired by TeleCard and Company X after considerable expense, time and energy. TeleCard and Company X agree to protect the confidentiality of this information and, other than in the ordinary course of business, TeleCard and Company X will not disclose any of such confidential information during or after the Term of this Agreement.

9. Termination

9.1 Company X can terminate this Agreement upon 90 days written notice to TeleCard prior to the end of the initial period or any additional annual renewal period. TeleCard can terminate this Agreement upon 90 days written notice to Company X prior to the end of the initial period and any additional annual renewal period.

9.2 Upon termination of this Agreement, discount fees will continue to be paid as outlined in Article 7, for the "Service" used by cardholders before termination, as long as billing and collection are performed by Company X.

9.3 Termination of this Agreement for any reason shall not release either party hereto from any accrued liability to the other party. Company X's right to terminate this Agreement as provided above shall be without prejudice to any other rights provided to it under law or equity.

10. Assignment

10.1 It is expressly agreed that both parties shall not assign or transfer all or any part of its rights under this Agreement. Any such assignment or transfer of this Agreement, or any assignment or transfer of any interest in

this Agreement, without the prior written approval of both parties, shall be null and void and of no effect. Company X may, without prior written approval, assign this agreement to any affiliate of Company X.

Warranties

11.1 Company X will not make any warranty to its prospects and clients beyond those made by TeleCard.

12. Hold harmless

12.1 TeleCard shall indemnify and hold Company X harmless in respect of:

a) any loss, damage or liability suffered or incurred as a result of TeleCard's failure to perform or observe any of its obligations under this Agreement;

b) any loss, damage or liability suffered or incurred as a result of any failure or omission of TeleCard to charge, report or pay any taxes required by law to be charged, reported or paid in connection with any Company X Card transaction contemplated by this Agreement.

12.2 Company X will hold TeleCard harmless and TeleCard will hold Company X harmless if in certain countries the local telephone authorities cannot or will not allow the "Service" or case of acts of governments or Force Majeure. TeleCard will use its best efforts to revive the service promptly should such act of governments or Force Majeure occur.

13. Communications

13.1 Any notice or communication by either party to the other shall be in writing and shall be deemed to have been duly given if either delivered personally, by telefax transmission, or by prepaid registered mail, addressed to the other party at the appropriate address stated above, or at such other address as such party hereto may hereafter specify to the other party.

14. Applicable Law

14.1 This Agreement shall be governed by and construed in accordance with the laws of the United States and the parties hereto submit to the nonexclusive jurisdiction of the United States Courts in the State of New York.

If any provision of this Agreement is held invalid illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the validity, legality, or enforceability of any other provision hereof; provided that such invalidity does not materially prejudice either party in their respective rights and obligations contained in the valid terms, covenants or conditions.

14.3 The failure of either party to require the performance of any of the terms of this Agreement or the waiver by either party of any default under this Agreement shall not prevent a subsequent enforcement of such term, nor be deemed a waiver of any subsequent breach.

14.4 The use of any gender shall include all genders, and the use of any number shall be construed as the singular or the plural, as the context may require.

15. Arbitration

15.1 Any dispute concerning this contract or related agreement, in particular as to their existence, validity, interpretation, performance or nonperformance, whether arising before or after the expiration of the contract, will be settled by arbitration.

15.2 The seat of the arbitration will be in Miami, Florida.

15.3 The arbitration shall take place in accordance with the rules of arbitration of the American Arbitration Association, applicable at the seat of the arbitration.

15.4 Judgement upon the award rendered may be entered in any court having jurisdiction or application and may be made to such court for a judicial acceptance of the award and an order of enforcement, as the case may be.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the day and year first set forth above.

ATC

BY:

TITLE: EVP and Chief Operating Officer

EXECUTIVE TELECARD S.A.

BY:

TITLE: Secretary

CONTRACT OF SERVICES ENACTED IN PART BY TELEFONOS DE MEXICO, S.A. DE C.V. REPRESENTED IN THIS ACTION BY ENGINEER ADOLFO CEREZO PEREZ IN HIS CAPACITY AS FINANCIAL AND ADMINISTRATIVE DIRECTOR FOR THE COMPANY HEREAFTER CALLED "TELMEX"; AND BY THE OTHER PARTY EXECUTIVE TeleCard LTD., REPRESENTED BY DARYL ENGLEMAN IN HIS CAPACITY AS VICE PRESIDENT AND CHIEF OPERATING OFFICER OF THE COMPANY WHICH WILL HEREINAFTER BE REFERRED TO AS "TeleCard," MAKE THE FOLLOWING DECLARATIONS AND CLAUSES:

DECLARATIONS

- I. The representative of TELMEX declares that:
- a) TELMEX was constituted as an anonymous society (corporation) in accordance with Public Document No. 34,726 on the date of 23 December, 1947 that which has been attested to by Notary Public Number 54 of the Federal District, Lic. Graciano Contreras Saavedra, the document to be found written in the section of the Public Registry of Commerce of Property and Commercial in Mexico City, Federal District, under the number four to leaf three, of the third book, volume two hundred thirty eight, actually inscribed in the Folio Mercantil Number 5,229.
 - b) In the Public Document No. 79,436 on the 10th of April, 1984, attested to by Lic. Graciano Contreras Saavedra, Notary Public No. 54 of the Federal District protocolized by the Act of the Assembly of the General Ordinary and Extraordinary of Investors of the Telefonos de Mexico, Anonymous Society, founded the 15th of March, 1984, in that which is accorded between other points the adoption of the Regimen of Variable Capital, being written the first Testimony in the Folio Mercantil indicated in the Public Registry of Business in the Federal District, the 14th day of May, 1984.
 - c) Being through the Public Document No. 94,333 of the 11th of December, 1990, attested to by the Notary Public No. 54 of the Federal District, Lic. Graciano Contreras Saavedra, protocolized by the Act of the General Assembly of the Extraordinary of Shareholders of Telefonos de Mexico, S.A. de C.V. enacted the 15th day of July, 1990, in that which is agreed to be augmented in its social capital and the integral modification of its Social Statutes.
 - d) The purpose of the principal is among others, to constitute, install, maintain, operate and develop the Public Telephone and Telecommunications Network and to lease the public service of conducting of voice signals, sounds, data, text and images at the local level and long distance national and international and

basic public telephone service.

- e) The principal has the Title of Concession authorized by the Federal government for a period of 50 years beginning the 10th of March 1976, and in accordance with the publication of the Official Diary of the Federation of the date of 31 of March of 1976 and modification to the title of Concession of the 10th of August of 1990, published in the Official diary of the Federation of the 10th of December of 1990, to lease the services that are indicated in the preceding.
- f) In the Public Document Number 97,110 of the date 17 of December of 1991, authorized and attested to by Notary Public No. 54 of the Federal District Lic. Homero Diaz Rodriguez in that which holds the faculty to enact the present contract in the name of the represented parties that which has not been revoked or modified.

TELMEX has its address at Parque Via 190 Col. Cuauhtemoc, C.P. 06599, Mexico D.F., United States of Mexico.

II The Representative of TeleCard declares the following to be true:

- a) TeleCard is a society (corporation) constituted in accordance with the laws of the United States of America as proved with the Public Document No. 3905801 of the date of May of 1993 attested to by Secretary of the State of Delaware Mr. William T. Quillen and the Notary Public Number XXX of the City of Denver, Colorado, USA notarized by Shirley Young.
- b) To relate with the legal capacity to enter into the present contract in the name of the represented as accredited with the power notary number * to see the date 16 of December of 1994, of the City of Aurora, Colorado, USA.

* States: Copy of the page 49 of the 10-K form of Executive TeleCard LTD, with certification notarized on 16 December, 1994, by the notary of the District of Aurora, Colorado, Mrs. Mary Ann Husted.
- c) The purpose of the company consists of providing services which permit the users of public networks of telephony of different countries to make calls to different parts of the world by way of an access number of the different networks.
- d) The principal is current in the completion of all of its obligations, as a lessee of the services heretofore before the corresponding authorities.
- e) To have financial and administrative capacity to contract

and assemble the technical and economic conditions obliged to execute the present contract.

TeleCard's address is 4260 East Evans Avenue, Denver, Colorado, USA.

CLAUSES

1. Installation of CAVIAR

- 1.1. TeleCard will provide TELMEX with a turn-key CAVIAR system equipped with one hundred twenty (120) incoming equivalent circuits and sufficient outgoing circuits required to provide on percent (1%) grade of service through the equipment. The system will include a self-contained card management system ('Card Manager') and a call record system that will interface with the existing TELMEX billing system. TeleCard will also provide its standard customer service software system for entry of cardholder information, PIN generation, card activation and deactivation, and generation of customer invoices. TELMEX will be responsible for all hardware costs for the customer service system including, but not limited to terminals, PC's, modems, etc.
- 1.2. The system provided to TELMEX will include a digital interface with the public network. Prior to the availability and installation of the digital system, TeleCard will install an analog system on the premises of TELMEX for the use of Executive TeleCard International cardholders and the cardholders of other TeleCard partners, subject to the commercial terms described herein.
- 1.3. TELMEX will provide sufficient twenty-four (24) hour, seven (7) day per week, air-conditioned floor space for installation of the CAVIAR hardware and operation of the system.
- 1.4. TELMEX will provide sufficient inbound and outbound lines at the normal existing tariff approved by the Secretary of Communications and Transportations (SCT), to operate the system and handle traffic at one percent (1%) grade of service standards.
- 1.5. TELMEX will provide operating personnel to maintain the CAVIAR system when requested by TeleCard.
- 1.6. TELMEX will provide supervisory personnel to monitor the operation of the CAVIAR system, in accordance with the policy of Human Resources and Labor Relations of the company.
- 1.7. TeleCard will train TELMEX supervisory personnel in the operation of the system at TELMEX's premises in Mexico City.

- 1.8. The CAVIAR system will be used by TELMEX to provide calling card and prepaid card services to its customers. In addition, the system will be programmed by TeleCard for use by any VISA, MasterCard, American Express, or Diners Club cardholder.
- 1.9. TeleCard will program the system to provide a menu of voice prompts in Spanish or any other language(s) of TELMEX's choice.
- 1.10. For the CAVIAR installed in the United Mexican States the alternative service called "Automatic Default to Operator" will be programmed in such a manner which permits that the calls made by the cardholders of cards issued by TELMEX and the users of the TELMEX service with VISA< MasterCard, American Express and Diners Club cards will be routed to the operator center of TELMEX. The calls made by cardholders issued by TeleCard and its partner members will be routed to the operator center of TeleCard. The default to operator feature on the Mexican CAVIAR system will be programmed to route default calls for TELMEX and VISA< MasterCard, American Express, and Diners Club cards to the TELMEX operator center. Default calls by cardholders of credit card issuers which are TeleCard partners will continue to be routed to the TeleCard operator center.
- 1.11. TeleCard will make its international calling network available to customers of TELMEX, thereby allowing TELMEX customers to place direct inter/intracountry calling card and prepaid calls from and within foreign countries. This network is currently operating in 56 countries and territories.

2. Calling Card Commercial Terms

- 2.1 The initial CAVIAR system with one hundred twenty (120) incoming circuits and required outgoing circuits and the card manager and customer service system software, will be sold to TELMEX by TeleCard for the price of \$60,000 US, and the payment for this equipment will be by providing services for its operation as described in this contract. TELMEX will pay any customs, duties or taxes required in order to bring the system into Mexico and will be responsible for bringing the system through customs to the premises of TELMEX. The system will be designed to accept and record traffic received from TELMEX cards issued by TELMEX (See Item 1.1). Software fixes for service affecting problems in the customer service software will be provided free of charge by TeleCard. Custom software development for additional features will be completed by TeleCard at a rate of One Hundred Dollars (\$100.00) US per hour.
- 2.2. TeleCard will be permitted to use sufficient dedicated incoming and outgoing CAVIAR circuits for Executive TeleCard International cardholders and the cardholders of TeleCard's other

partners so that they may place calls when in Mexico, as long as those circuits are not required by TELMEX for TELMEX customers. If no circuits are available for non-TELMEX customers, then TeleCard will install, free of charge, additional equipment to accommodate the additional required circuits.

- 2.3. TeleCard will pay TELMEX the existing tariffs approved by the SCT for outward national and international line usage for TeleCard's portion of the CAVIAR. TELMEX will provide TeleCard with the lowest possible discounted rates as they become available. The first Twenty Thousand Dollars (\$20,000 US) of outward national and international line usage for TeleCard's portion of the CAVIAR will be provided by TELMEX free of charge (Point 2.1). TeleCard will maintain TELMEX as its carrier of choice during the term of this Agreement and all subsequent renewal periods and TELMEX will make a reasonable effort to match any competitive pricing.
- 2.4. TELMEX will provide all required outgoing lines for the use of TELMEX cardholders, TeleCard's Executive TeleCard International cardholders, and the cardholders of other TeleCard partners. TELMEX will not charge TeleCard for the installation or monthly rental of lines. It is estimated that TeleCard will require a maximum of six (6) outgoing lines over the first twelve month period. Over the second and third years TeleCard is estimated to require a maximum of twelve (12) outgoing lines.
- 2.5. TELMEX will provide an adequate number of toll-free inbound lines to the system for the use of TELMEX cardholders, TeleCard's Executive TeleCard International cardholders, and the cardholders of other TeleCard partners. TELMEX will not charge TeleCard for the installation and monthly rental for the lines or the associated toll free usage. It is estimated that TeleCard will require six (6) incoming lines over the first twelve (12) month period. Over the second and third years TeleCard is estimated to require a maximum of fifteen (15) incoming lines. The expected average number of minutes will be approximately 25,000 minutes per month during the first year growing to an average of 80,000 minutes per month over the second and third years.
- 2.6. TeleCard will arrange for the design and production of the initial TELMEX calling cards and associated instructional material on behalf of TELMEX. TELMEX will pay TeleCard the actual cost incurred by TeleCard for such design and production.
- 2.7. TELMEX will establish the retail rates for domestic and international calling cards through the Mexican CAVIAR by TELMEX cardholders.
- 2.8. Additional equipment beyond the initial One Hundred Twenty (120) incoming circuits required to handle TELMEX customers will

be provided in order to maintain a grade of service level of one percent (1%). TELMEX will pay TeleCard ten percent (10%) of the gross collected billings for all domestic and outbound international calls made by TELMEX cardholders through the additional equipment. This ten percent (10%) amount is based on the amount that TELMEX actually collects (Excludes amounts not collected due to bad debt, fraud or refusals to pay due to transmission quality). The maximum amount paid by TELMEX to TeleCard under this arrangement for a single seven foot rack of digital CAVIAR equipment will be Six Hundred Thousand dollars (\$600,000) US.

- 2.9. TeleCard will establish the retail rates for calls originating through CAVIARs located outside Mexico. The rate for US to US calls placed through the US CAVIAR will be \$0.30 US per minute with the standard \$0.50 surcharge per call.
- 2.10. 2.10. TeleCard will provide TELMEX with detailed call records on magnetic tape or via modem transmission for calls made by TELMEX cardholders through CAVIAR the Mexican CAVIAR. These calls will be rated according to the rates established by TELMEX (Item 2.7).
- 2.11. TeleCard will provide TELMEX with detailed call records on magnetic tape or via modem transmission for calls made by TELMEX cardholders through CAVIAR systems located outside Mexico. These calls will be rated according to the rates established by TeleCard (Item 2.9).
- 2.12. TELMEX will produce the cardholder invoices and bill the cardholders.
- 2.13. TELMEX will pay TeleCard the gross amount billed for all calls by TELMEX cardholders through CAVIARs located outside Mexico, less then percent (10%) which TELMEX will retain. The only exception will be for US to US calls through the US CAVIAR for which TELMEX will retain 25% of the per minute rate specified in Item 2.9, or any new lower rate established in the future. TELMEX will also receive 75% of the surcharge for the US to US calls (clause 2.9 of the present contract.)
- 2.14. TELMEX may withhold payment from TeleCard for calls by TELMEX cardholders through CAVIARs located outside Mexico in the event the cardholder refuses to pay on the grounds of:
 - 2.15. poor transmission quality or misdialing
 - 2.16. the call was made fraudulently through systematic hacking of the TeleCard calling system.

3. Prepaid Calling Card Commercial Terms

- 3.1. TeleCard will program the Mexican CAVIAR for the use of TELMEX prepaid cardholders.
- 3.2. TeleCard will make available its worldwide calling card system to TELMEX's prepaid cardholders, thereby allowing TELMEX's customers to place direct inter/intracountry prepaid calls from and within foreign countries. This network is currently operating in 56 countries and territories.
- 3.3. TELMEX will provide all required outgoing lines for the use of TELMEX prepaid cardholders, TeleCard's prepaid cardholders, and the cardholders of other TeleCard partners for the use of this service. The charge for the installation or monthly rental of lines will be in accordance with the existing tariffs approved by the SCT. The lines used by TeleCard's prepaid cardholders and the prepaid cardholders of other TeleCard partners are the same lines referred to in Item 2.4.
- 3.4. TELMEX will provide an adequate number of toll-free inbound lines to the system for the use of TELMEX prepaid cardholders, TeleCard's prepaid cardholders, and the cardholders of other TeleCard partners. TELMEX will not charge TeleCard for the installation and monthly rental for the lines or the associated toll free usage. The lines used by TeleCard's prepaid cardholders and the prepaid cardholders of other TeleCard partners are the same lines referred to in Item 2.5.
- 3.5. TeleCard will arrange for the design and production of the initial TELMEX prepaid calling cards and associated instructional material on behalf of TELMEX. TELMEX will pay TeleCard the actual cost incurred by TeleCard for such design and production.
- 3.6. The TELMEX domestic prepaid calling card service will be separate from the World Direct and Executive TeleCard services accessed by cardholders of other World Direct and TeleCard partners. It will be accessed through a TELMEX toll-free number specifically designated for TELMEX cardholders.
- 3.7. TeleCard will provide TELMEX with a series of prepaid card numbers which will be activated, at TELMEX's request, in the CAVIAR systems around the world.
- 3.8. Each card will have a predetermined number of units of calling. The rate at which the units are decremented will be dependent upon the origin and destination of each call. TELMEX will determine the number of units per card.
- 3.9. TeleCard will charge TELMEX for all units activated at the wholesale rate of \$0.08 US per unit. TeleCard will bill TELMEX

within thirty (30) days of the date of activation of the units. TELMEX will pay TeleCard within thirty (30) days of the date of the TeleCard invoice.

- 3.10. TELMEX will establish the rate of decrementation (unites per minute) for calls placed through the Mexican CAVIAR by TELMEX cardholders. TeleCard will change the rate of decrementation for these calls within Forty Eight (48) hours of receiving a request from TELMEX.
- 3.11. For calls placed through the Mexican CAVIAR, TELMEX will bill TeleCard for each minute of traffic at a rate which is ten percent (10%) less than the effective per minute wholesale rate established by TELMEX.
- 3.12. The rate of decrementation of units (units per minute) for calls placed through CAVIARs located outside Mexico will be established by TeleCard. The effective wholesale price per minute for US to US calls will not exceed Twenty Four Cents (\$0.24) US.
- 3.13. Units will be deactivated twelve (12) months after the date of activation. After deactivation, TeleCard will refund 50% of the wholesale value of all activated unused units to TELMEX.
- 3.14. TeleCard will pay TELMEX for monthly line usage for outward national and international prepaid traffic for TeleCard's portion of the CAVIAR at normal TELMEX tariffs, less any applicable discounts as per Item 2.3.
- 3.15. TeleCard will be responsible for paying all of the line rental charges and usage charges (including toll free charges) to the originating carriers for calls placed by TELMEX cardholders through CAVIAR systems located outside Mexico.
- 3.16. TELMEX prepaid cardholders will be able to recharge their cards by providing a VISA, MasterCard, American Express, or Diners Club credit card number to a TELMEX operator. TeleCard will provide the TELMEX operator group with the ability to recharge TELMEX prepaid cards on an on-line basis. Any hardware required by the operators will be the responsibility of TELMEX. TELMEX will be responsible for establishing the commercial relationship with the bank(s) or processor(s) for charging the recharged amounts to a credit card. TELMEX will be responsible for the associated costs.

TELMEX will be the merchant for these transactions and will be responsible for the merchant fees and any transaction or transport charges associated with the validation and transaction processing. TeleCard will be responsible for establishing the necessary interconnections to facilitate

the card validation and transaction processing. TeleCard will assist TELMEX in establishing the necessary commercial arrangements.

- 3.17. TELMEX will be responsible for the cost of any chargebacks from the credit card companies for prepaid cards which have been recharged.
- 3.18. TELMEX will issue up to Twenty Thousand (20,000) free promotional cards for 3 minutes of calling from Mexico to anywhere in Mexico, the United States, or Canada through the TELMEX portion of the Mexican CAVIAR. A special card range will be established by TeleCard for these promotional cards. TeleCard will not receive any revenues for these cards, but TELMEX will be responsible for all card design and production costs. If this program is considered successful, then TELMEX and TeleCard will discuss its continuation.
- 3.19. Prepaid calls made through this promotion will be routed through a separate partition on the Mexican CAVIAR. TeleCard will not be charged for the incoming or the outgoing usage associated with this promotion program. TELMEX will be responsible for the cost of the lines connected to the CAVIAR.

4. Commercial Terms for Calls by Commercial Credit Cardholders

- 4.1. The commercial terms for calls by VISA, MasterCard, American Express, and Diners Club cardholders through the Mexican CAVIAR will be the same as for calls by TELMEX cardholders through the Mexican CAVIAR.
- 4.2. Each credit card will be validated through a bank or third party processor prior to the call being placed. TELMEX will be the merchant for these transactions and will be responsible for the merchant fees and any transaction or transport charges associated with the validation and transaction processing. TeleCard will be responsible for establishing the necessary interconnections to facilitate the card validation and transaction processing. TeleCard will assist TELMEX in establishing the necessary commercial arrangements.
- 4.3. TELMEX will be responsible for all chargebacks from any of the credit card companies.

5. Marketing Restrictions

- 5.1. TeleCard will not market any of its calling card or prepaid card services in Mexico during the term of this Agreement without the involvement of TELMEX. The introduction of MasterPhone service by banks that issue MasterCards will be permitted. The

TELMEX brand name must be included (TELMEX indicated to be the underlying service provider), in the promotional material issued by all banks offering the MasterPhone service.

5.2. TeleCard may from time to time bring prospective Mexican customers or distributors to TELMEX. Any cards sold through such arrangements will be treated as TELMEX cards with respect to the commercial terms of this Agreement, regardless of the actual branding.

6. Equipment, Trademarks, Service Marks and Copyrights

6.1. The trademarks, service marks, copyrights, and proprietary software and hardware equipment owned by and provided by TeleCard shall remain the property of TeleCard for the term of this agreement.

6.2. the trademarks, service marks and copyrights owned by and provided by TELMEX shall remain the property of TELMEX for the term of this agreement.

6.3. All trademarks, service marks, copyrights, and proprietary software and hardware equipment shall revert to the respective owners at the termination of this agreement for any reason.

7. Confidentiality

7.1. The information and documentation that is generated by TeleCard with the purpose of the present contract, will be the exclusive property of TELMEX and that will be obligated to return it in its entirety and not divulge without the express written consent of TELMEX.

7.2. TeleCard will guard with strict confidentiality in respect to the information that TELMEX makes available to fulfill the contract.

8. Settlement

8.1 TELMEX will bill TeleCard every thirty (30) days from the beginning date of service. TeleCard will pay TELMEX within thirty (30) days after the presentation of invoice from TELMEX. TeleCard will bill TELMEX every thirty (30) days for the service. TELMEX will pay TeleCard within thirty (30) days after the presentation of invoice from TeleCard.

9. Termination and Duration

9.1. This agreement shall commence on the date signed by the parties hereto and continue for a period of three (3) years from the date hereof and shall continue thereafter unless terminated

by TELMEX upon six (6) months written notice.

10. Guarantees

- 10.1. TeleCard shall guarantee the obligations relating to the present contract, by means of an insurance policy that shall be granted by a Mexican institution owing authorization by the Secretary of the House of Public Credit, that which shall be in the favor of the satisfaction of TELMEX.
- a) The insurance policy shall be constituted in Mexican national currency, for the amount equivalent to 100% of the total amount of the contract and shall be presented on the date of signing the same.
 - b) The insurance policy will be so that TeleCard guarantees each and every one of the obligations and conditions of the present contract.
 - c) In the assumed renewal of the present contract, the insurance policy shall also be renewed.
 - d) The insurance policy will be in effect for the duration of the present contract.
 - e) The insurance policy which guarantees the fulfillment of the contract can only be canceled with the written approval of TELMEX.

11. Labor Responsibilities

- 11.1. TeleCard is obligated to provide the services which are the object of this contract by way of employees or with the employees necessary to comply with the same.

TeleCard as a business employer of personnel who will perform the work matters of this contract will be solely the responsibility of the derived obligations of the legal disposition and other ordinances in the work relevant and social security. TeleCard will answer any and all claims of its workers presented on its side or on the side of TELMEX in completing the work relevant to this contract.

Under protest of telling the truth and the terms of Article 13 of the Federal Labor Law, TeleCard declares that the elements will be taken into account and take the necessary steps to complete its obligations that derive from the relations with its workers.

12. Subcontracting and Cessation of Rights

12.1. TeleCard will not subcontract totally or partially the obligations of the present contract, nor cede the rights derived from the same.

13. Fortuitous Occurrence or Force Majeur

13.1. In the event of an Act of God or Force Majeur which impedes partially or totally the execution of the present contract, the same can be terminated by whichever of the parties by means of written notice within five natural days after the situation has occurred.

14. Causes for Rescinding

14.1. TELMEX will rescind the present contract voluntarily in an immediate way and without the necessity of the judicial declaration, solely communicated by means of writing in the following eventualities:

- a) By violating any of the obligations stipulated in the present contract.
- b) By falsifying the statements in the chapter of Declarations and Clauses on the part of TeleCard.
- c) By resolution or order of administrative authority or judicial as so ordered.

15. Responsibility

15.1. TeleCard is responsible to TELMEX for damages or injuries with cause, without lessening the legal actions that may be brought in case of noncompliance of the present contract; as due to negligence, ineptitude or deceit, without prejudice of the penalties which are merited in case of crimes.

16. Jurisdiction

16.1 For the application an interpretation of the present contract, the parties agree to submit to the jurisdiction of the federal tribunals of Mexico City D.F. and in consequence renounce whatever other law that would correspond by right of particular present domicile present or future or any other reason.

In agreement with the preceding clauses, the parties through their authorized representatives subscribe and notify in two originals this day of 2 in the month of January 1995.

Executive TeleCard, SA
C.V.

Telefonos de Mexico S.A. de

By _____
Daryl Engleman
Chief Operating Officer

By _____
Ing. Adolfo Cerezo Perez
Financial Director

Mercado

By _____
Lic. Andres Vasquez del
Commercial Director

MODIFICATION AGREEMENT

This Modification Agreement ("Modification Agreement"), dated as of June 17, 1996, is entered into by and between Executive TeleCard, Ltd. ("TeleCard") and Telefonos De Mexico, S.A. DE C.V. ("TELMEX").

WHEREAS, TeleCard and TELMEX entered into a Contract of Services, dated January 2, 1995, copy of which is attached hereto as Exhibit A and incorporated herein for all purposes; and

WHEREAS, upon mutual consent, the parties have agreed to modify certain provisions of the Contract of Services;

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth and for other good and valuable consideration the parties hereto agree as follows:

1. Effective upon execution of this Modification Agreement, the Contract of Services ("Contract") shall be modified and amended as follows:

a) Paragraph 2.8 of the Contract shall be amended and, as amended, shall read as follows:

TeleCard will provide additional equipment beyond the initial one hundred twenty(120) incoming circuits required under paragraph 1.1 of this agreement as needed in order to maintain a grade of service level of one percent (1%). Upon installation of additional circuits by TeleCard in excess of the one hundred and twenty (120)circuits, TELMEX shall pay TeleCard ten percent (10%) of the gross revenues actually collected by TELMEX for all domestic and outbound international calls made by TELMEX cardholders. TELMEX shall not be required to pay TeleCard the ten percent (10%) fee as to any amounts billed by TELMEX but not collected due to bad debt, fraud or refusal of a cardholder to pay due to poor transmission quality of a call.

b) Paragraph 3.9 of the Contract shall be amended and, as amended, shall read as follows:

TELMEX shall pay TeleCard at a rate of \$0.08 US per unit of call decremented for all calls originating from outside Mexico. TELMEX shall pay TeleCard at a rate of \$0.008 US per unit of call decremented for all calls originating from

within Mexico.

c) Paragraph 3.11 of the Agreement is deleted in its entirety;

d) Paragraph 3.13 of the Contract shall be amended and, as amended, shall read as follows:

All cards will be deactivated twelve (12) months following the date of activation. TELMEX shall pay TeleCard at the rate of \$0.04 US per unit deactivated by TeleCard.

e) The following paragraph, denominated paragraph 3.20 shall be added to the Contract and shall read as follows:

TeleCard will invoice TELMEX for the charges set forth in 3.9 and 3.13 hereinabove monthly. TELMEX will pay TeleCard within 30 days of receipt of the invoice.

2. As modified by paragraphs 1 a, b, c, d and e of this Modification Agreement, the Contract of Services, dated January 2, 1995, is hereby ratified and reaffirmed by the parties hereto and remains in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Modification Agreement to be executed by their duly authorized representatives as of the day and year first set forth above.

TELEFONOS DE MEXICO, S.A. DE C.V.

By: Sergio Gonzalez Franco

Its: Finance Manager

EXECUTIVE TELECARD, LTD.

By: Allen Mandel

Its: Executive Vice President

AGREEMENT
FOR TELEPHONE SERVICE
THROUGH LITEL TELECOMMUNICATIONS CORP.

Dated: November 1, 1991

between

Executive TeleCard SA (hereinafter referred to as "TeleCard"),
whose
address is Rue de la Morache 14, 1260 Nyon, Switzerland,

and

LiTel Telecommunications Corp., a corporation duly organized and
existing under the laws of the USA having its principal office
at 4650 Lakehurst Court, Dublin, Ohio 43017 (hereinafter
referred to as "LiTel")

1. The Service

TeleCard is engaged in the business of providing a service
which enables users of the public telephone systems of a
number of countries to charge their calls to a credit or
calling card while in that country. The calls charged can
be domestic or international. The cards used may be any
credit or calling card that has been activated in
TeleCard's dialing system database. All calls are re-
dialed through the local country's Postal Telephone &
Telegraph Company (PTT), thereby making accessible to
callers the worldwide network of that particular country's
telephone system.

2. Terms

The terms of this contract are from November 15, 1991 to
November 15, 1994. Unless terminated in accordance with
clause 9, this agreement will be renewed for periods of
12 months at a time from November 15, 1994.

3. Operation

3.1 When used in this Agreement, unless the context otherwise
requires, each of the terms set forth hereinbelow shall
have the meaning as indicated below:

a) "LiTel Card(s)" shall mean an unexpired credit card(s) bearing the service marks, trade mark(s) and/or trade name of LiTel and a design or style as may, from time to time, be determined by LiTel.

b) "Cardholder(s)" shall mean the person or entity whose name appears on the LiTel Card as the authorized user thereof.

c) "Hot Card Notice" shall mean a notification supplied by LiTel to TeleCard containing the number of LiTel cards which are to be blocked from use.

d) "Stop List" ("Black List") shall mean the list to be supplied regularly by LiTel to TeleCard, containing the card numbers of LiTel cards which are being improperly used and any lost, stolen and/or cancelled LiTel cards which are then to be blocked from use.

3.2 TeleCard will transmit to LiTel on a mutually agreed upon interval, information as to the telephone usage totals for each cardholder so that LiTel may apply its own standards for ceilings and other credit limit decisions. Control over which card is not authorized to charge telephone calls will be via regularly transmitted "black lists" from LiTel to TeleCard. TeleCard will update all of its worldwide databases with the most current black list immediately upon receipt.

3.3 TeleCard will establish a system that allows LiTel cardholders to use their current LiTel number to charge telephone calls.

3.4 TeleCard will adapt its software to accept the LiTel number-
ing system and technical specifications, and a pin number (security code) to be assigned by TeleCard.

3.5 TeleCard shall send to LiTel every two weeks a magnetic tape

containing the information necessary for LiTel to bill its cardholders for telephone calls made and charged through TeleCard.

- 3.6 TeleCard will bill LiTel in U.S. dollars.
- 3.7 LiTel shall pay TeleCard in U.S. dollars minus the compensation to LiTel (see article 7 of this agreement), 30 days after receipt of the magnetic tape containing the billing information.
- 3.8 LiTel will invoice and collect from the cardholder in accordance with the normal procedures and practices of LiTel.
- 3.9 LiTel shall be entitled to refuse payment to TeleCard in respect of a call made by a cardholder through TeleCard, or if payment has been made, to claim an immediate refund, if:
- a) the call was made with an expired LiTel Card or a LiTel card appearing on a Stop List, Hot Notice or Black List received by TeleCard in time to be posted to the ETI database;
 - b) the cardholder refuses to make payment to LiTel in respect of such call on the grounds of poor transmission quality or mis-dialling;
 - c) The cardholder (past or present) refuses to make payment to LiTel because such cardholder asserts that the subject call was unauthorized.
 - d) The call was made by a person not authorized to use the card ("Unauthorized Call"). The determination of whether a particular call was an Unauthorized Call shall be made in good faith by LiTel based on its investigation into the matter, including conversations with the LiTel customer in question.

LiTel shall have the right to set-off from any payment due hereunder, any amount owing to LiTel by TeleCard.

TeleCard covenants, warrants and agrees that it shall:

- a) not make any extra or special charge in connection with any call made by a cardholder and will bill according to published prices.
- b) deal with all complaints made by cardholders.

3.10 TeleCard shall monitor usage of the LiTel Card-(s) on a daily_ basis. TeleCard shall use its best efforts to detect any fraudulent use of the LiTel Card(s), and upon detection of any use of the LiTel Card(s) that indicates fraud may be occurring, TeleCard shall immediately deactivate the LiTel Card(s) where fraud may be occurring and immediately notify LiTel of such deactivation.

3.11 TeleCard warrants, represents and covenants that the services provided under this agreement are and will be in compliance with all laws, regulations, directives and policies of the jurisdictions in which TeleCard provides such services (including, but not limited to, the regulations, directives, and policies of any government regulators of telecommunications in each such jurisdiction) and the regulations, directives, policies and tariffs of the postal telephone and telegraph administrations ("PTTs") and/or telephone service providers in each such jurisdiction, and that TeleCard now possesses and will at ' all times possess all consents, authorizations and approvals from such jurisdictions and/or PTTs and telephone service providers that are necessary to provide the service under this agreement.

4. Marketing

4.1 LiTel will distribute to all of its cardholders or selected cardholders, instructional material as to how the cardholder will use the "Service" and such other promotional and user material which LiTel deems suitable to promote the use of the "Service."

4.2 LiTel shall advertise, use direct mail, engage in sales promotions and other related marketing activities that LiTel deems suitable to promote the use of the "Service" and at LiTells expense.

4.3 TeleCard will provide free-of-charge technical and marketing assistance in the production of cardholder information for use of the service.

5. Trademarks, Service Marks and Logos

5.1 TeleCard hereby authorizes LiTel for the term of this Agreement to publish the name of TeleCard and the

locations of the "Service" in any directory of merchants or other publication of LiTel.

5.2 LiTel agrees that the Executive TeleCard International trademarks, service marks and logos belong to TeleCard and will devote its best efforts during and after the Term to protect TeleCard's interests in these trademarks, service marks and logo.

5.3 TeleCard shall obtain from LiTel approval in writing, prior to publication, of any advertising and/or promotional materials containing the service marks and/or trademarks of LiTel.

6. Power of Attorney/Claims

6.1 LiTel is not acting on behalf of TeleCard.

6.2 TeleCard is not acting on behalf of LiTel.

6.3 This Agreement does not in any way create the relationship of joint venture, partnership, or principal and agent between LiTel and TeleCard. TeleCard shall not act or attempt to act, or represent itself, directly or by implication, as agent for LiTel or in any manner assume or create or attempt to assume or create any obligation on behalf or in the name of LiTel.

7. Compensation

7.1 For the marketing and administrative services rendered, including billing to and collection from the cardholders, TeleCard will grant LiTel a "discount fee" of 3% of toll charges resulting from the use of the "Service" by the cardholders. LiTel will deduct the "discount fee" from each payment made to TeleCard. LiTel may elect to increase the discount fee for calls originated outside the United States by instructing TeleCard to increase its international tariff rate by a percentage not to exceed ten (10%) per cent. TeleCard will retain twenty-five (25%) per cent of said increase and the balance will be discounted by LiTel. This election may be made by LiTel once each year on the annual anniversary date of this agreement and become effective no later than 60 days thereafter.

7.2 An annual service charge of US\$ 9.95 will be billed to LiTel cardholders who utilize the service for calls originated outside of the United States to maintain their eligibility to access the Executive TeleCard dialing

system. ETI will bill this fee annually in the tapes it prepares and sends to LiTel for billing. This annual service charge will only be applied to people who actually use the card the first time in each new calendar year.

7.3 Tariff rates billed by TeleCard will not exceed a 40% markup from Postal Telephone and Telegraph (PTT) standard cost.

B. Confidentiality

8.1 As a result of carrying out this Agreement, LiTel will have access to confidential material and information belonging to TeleCard, and TeleCard will have access to confidential material and information belonging to LiTel such as client lists, employee lists, procedure manuals and techniques and programs used by the company or planned to be used in the future, etc. This confidential information has been acquired by TeleCard and LiTel after considerable expense, time and energy. TeleCard and LiTel agree to protect the confidentiality of this information and, other than in the ordinary course of business, TeleCard and LiTel will not disclose any of such confidential information during or after the Term of this Agreement.

9. Termination

9.1 LiTel can terminate this Agreement upon 90 days written notice to TeleCard prior to the end of the initial period or any additional annual renewal period. TeleCard can terminate this Agreement upon 90 days written notice to LiTel prior to the end of the initial period and any additional annual renewal period.

9.2 Upon termination of this Agreement, discount fees will continue to be paid as outlined in Article 7, for the "Service" used by cardholders before termination, as long as billing and collection are performed by LiTel.

9.3 Termination of this Agreement for any reason shall not release either party hereto from any accrued liability to the other party. LiTel's right to terminate this Agreement as provided above shall be without prejudice to any other rights provided to it under law or equity.

10. Assignment

10.1 It is expressly agreed that both parties shall not assign

or transfer all or any part of its rights under this Agreement. Any such assignment or transfer of this Agreement, or any assignment or transfer of any interest in this Agreement, without the prior written approval of both parties, shall be null and void and of no effect. LiTel may, without prior written approval, assign this agreement to any affiliate of LiTel.

11. Warranties

11.1 LiTel will not make any warranty to its prospects and clients beyond those made by TeleCard.

12. Hold harmless

12.1 TeleCard shall indemnify and hold LiTel harmless in respect of:

a) any loss, damage or liability suffered or incurred as a result of TeleCard's failure to perform or observe any of its obligations under this Agreement;

b) any loss, damage or liability suffered or incurred as a result of any failure or omission of TeleCard to charge, report or pay any taxes required by law to be charged, reported or paid in connection with any LiTel Card transaction contemplated by this Agreement.

13. Communications

13.1 Any notice or communication by either party to the other shall be in writing and shall be deemed to have been duly given if either delivered personally, by telefax transmission or by prepaid registered mail, addressed to the other party at the appropriate address stated above, or at such other address as such party hereto may hereafter specify to the other party.

14. Applicable Law

14.1 This Agreement shall be governed by and construed in accordance with the laws of the United States and the parties hereto submit to the nonexclusive jurisdiction of the United States Courts in the State of New York.

14.2 If any provision of this Agreement is held invalid illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the

validity, legality, or enforceability of any other provision hereof; provided that such invalidity does not materially prejudice either party in their respective rights and obligations contained in the valid terms, covenants or conditions.

14.3 The failure of either party to require the performance of any of the terms of this Agreement or the waiver by either party of any default under this Agreement shall not prevent a subsequent enforcement of such term, nor be deemed a waiver of any subsequent breach.

14.4 The use of any gender shall include all genders, and the use of any number shall be construed as the singular or the plural, as the context may require.

15. Arbitration

15.1 Any dispute concerning this contract or . related agreement, in particular as to their existence, validity, interpretation, performance or nonperformance, whether arising before or after the expiration of the contract, will be settled by arbitration.

15.2 The seat of the arbitration will be in New York.

15.3 The arbitration shall take place in accordance with the rules of arbitration of the American Arbitration Association, applicable at the seat of the arbitration.

15.4 Judgement upon the award rendered may be entered in any court having jurisdiction or application and may be made to such court for a judicial acceptance of the award and an order of enforcement, as the case may be.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the day and year first set forth above.

Litel Communications Corp.

BY:
President

Executive TeleCard SA
BY:

