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Duluth, Georgia 30097

DEPOSIT DATE
D68 JAN 13 1998

Also Admitted in New York
and Maryland

Telephone (770) 232 9200
Facsimile (770) 232 9208

January 10, 1998

VIA OVERNIGHT DELIVERY

Florida Public Service Commission
Division of Administration
2540 Shumard Oak Blvd.
Gunter Bldg.
Tallahassee, Florida 32399-0850

980069-TI

Re: ACS Systems, Inc.

Dear Sir/Madam:

Enclosed please find one original and twelve (12) copies of ACS Systems, Inc.'s Application for Authority to Provide Interexchange Telecommunications Service Within the State of Florida, along with an original and twelve (12) copies of ACS Systems, Inc.'s proposed tariff.

ACS Systems, Inc. has sufficient financial capability to provide the requested service in the State of Florida and has sufficient financial capability to maintain the requested service and to meet its lease or ownership obligations. In support of ACS Systems, Inc.'s stated financial capability, attached to its application is a copy of the Applicant's parent company's (Fidelity National Financial, Inc.) Form 10Q for the quarter ended September 30, 1997. As a reseller, ACS Systems, Inc. does not intend to make a capital investment to provide service in the State of Florida, however, ACS Systems, Inc. intends to fund the provision of service through internally generated cash flow, and to the extent necessary, from cash contributions from its parent company. ACS Systems, Inc. also has the ability to borrow funds, if required, based upon its financial capabilities.

I also have enclosed a check in the amount of \$250.00 payable to the Florida Public Service Commission to cover the cost of filing these documents.

RECEIVED

RECEIVED

47

00681 JAN 13 8

110

Florida Public Service Commission
January 10, 1998
Page 2

Please return a stamped copy of the extra copy of this letter in the enclosed preaddressed prepaid envelope.

If you have any questions regarding the application or the tariff, please do not hesitate to call me. Thank you for your attention to this matter

Sincerely,

A handwritten signature in black ink, appearing to read "Lance J.M. Steinhart". The signature is stylized with a large, sweeping loop at the beginning and a crossbar.

Lance J.M. Steinhart, Esq.
Attorney for ACS Systems, Inc

Enclosures
cc: Ernest Ellis
LJS/lmb

**** FLORIDA PUBLIC SERVICE COMMISSION ***

DIVISION OF COMMUNICATIONS
BUREAU OF SERVICE EVALUATION

APPLICATION FORM

for

AUTHORITY TO PROVIDE INTEREXCHANGE TELECOMMUNICATIONS
SERVICE

WITHIN THE STATE OF FLORIDA

Instructions

- A. This form is used for an original application for a certificate and for approval of sale, assignment or transfer of an existing certificate. In case of a sale, assignment or transfer, the information provided shall be for the purchaser, assignee or transferee (See Appendix A)
- B. Respond to each item requested in the application and appendices. If an item is not applicable, please explain why.
- C. Use a separate sheet for each answer which will not fit the allotted space
- D. If you have questions about completing the form, contact:

Florida Public Service Commission
Division of Communications
Bureau of Service Evaluation
2540 Shumard Oak Blvd.
Gunter Building
Tallahassee, Florida 32399-0850
(904) 413-6600

- E. Once completed, submit the original and twelve (12) copies of this form along with a non-refundable application fee of \$250.00 to

Florida Public Service Commission
Division of Administration
2540 Shumard Oak Blvd.
Gunter Building
Tallahassee, Florida 32399-0850
(904) 413-6251

FORM PSC/CMU 31 (11/91)

Required by Commission Rule Nos. 25-24.471, 25-24.473, 25-24.480(2)

1
JUL 31 2013

1. This is an application for (check one):

- Original Authority** (New company)
- Approval of Transfer** (To another certificated company)
- Approval of Assignment of existing certificate** (To a noncertificated company)
- Approval for transfer of control** (To another certificated company).

2. Select what type of business your company will be conducting (check all that apply)

- Facilities based carrier** - company owns and operates or plans to own and operate telecommunications switches and transmission facilities in Florida
- Operator Service Provider** - company provides or plans to provide alternative operator services for IXCs, or toll operator services to call aggregator locations, or clearinghouse services to bill such calls
- Reseller** - company has or plans to have one or more switches but primarily leases the transmission facilities of other carriers. Bills its own customer base for services used.
- Switchless rebiller** - company has no switch or transmission facilities but may have a billing computer. Aggregates traffic to obtain bulk discounts from underlying carrier. Rebills end users at a rate above its discount but generally below the rate end users would pay for unaggregated traffic
- Multi-Location Discount Aggregator** - company contracts with unaffiliated entities to obtain bulk/volume discounts under multi-location discount plans from certain underlying carriers. Then offers the resold service by enrolling unaffiliated customers

3. Name of corporation, partnership, cooperative, joint venture or sole proprietorship

ACS Systems, Inc.

4. Name under which the applicant will do business (fictitious name, etc.)

5. National address (including street name & number, post office box, city, state and zip code):

**2510 N. Hill Avenue, Suite 230
Santa Ana, California 92705-5542**

6. Florida address (including street name & number, post office box, city, state and zip code):

None.

7. Structure of organization:

- | | |
|---|--|
| <input type="checkbox"/> Individual | <input type="checkbox"/> Corporation |
| <input checked="" type="checkbox"/> Foreign Corporation | <input type="checkbox"/> Foreign Partnership |
| <input type="checkbox"/> General Partnership | <input type="checkbox"/> Limited Partnership |
| <input type="checkbox"/> Other, _____ | _____ |

8. If applicant is an individual or partnership, please give name, title and address of sole proprietor or partners.

(a) Provide proof of compliance with the foreign limited partnership statute (Chapter 620.160 FS), if applicable

(b) Indicate if the individual or any of the partners have previously been

(1) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings

No.

(2) officer, director, partner or stockholder in any other Florida certificated telephone company. If yes, give name of company and relationship. If no longer associated with company, give reason why not

No.

9. If incorporated, please give:

- (a) Proof from the Florida Secretary of State that the applicant has authority to operate in Florida

Corporate charter number

Applicant has applied to the Secretary of State and will file evidence of qualification upon receipt.

- (b) Name and address of the company's Florida registered agent.

**Richard A. Murdoch, Esq.
900 N. Federal Highway, Suite 410
Boca Raton, Florida 33432**

- (c) Provide proof of compliance with the fictitious name statute (Chapter 865.09 FS), if applicable

Fictitious name registration number _____

- (d) Indicate if any of the officers, directors, or any of the ten largest stockholders have previously been

- (1) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings

No.

- (2) officer, director, partner or stockholder in any other Florida certificated telephone company. If yes, give name of company and relationship. If no longer associated with company, give reason why not

No.

10. Who will serve as liaison with the Commission in regard to (please give name, title, address and telephone number):

- (a) The application:

Lance J.M. Steinhart
6455 East Johns Crossing, Suite 285
Duluth, GA 30097
770-232-9200

- (b) **Official Point of Contact for the ongoing operations of the company:**

**Ernest Ellis
ACS Systems, Inc
2510 N. Hill Avenue, Suite 230
Santa Ana, California 92705-5542
(714) 622-4444**

- (c) **Tariff:**

**Lance J.M. Steinhart
6455 East Johns Crossing, Suite 285
Duluth, GA 30097
770-232-9200**

- (d) **Complaints/Inquiries from customers.**

**Alexander Black
ACS Systems, Inc
2510 N. Hill Avenue, Suite 230
Santa Ana, California 92705 5542
(888) 322-7797**

11. List the states in which the applicant:

- (a) **Has operated as an interexchange carrier**

None.

- (b) **Has applications pending to be certificated as an interexchange carrier.**

Applicant is in the process of filing Applications in the 48 contiguous states and Hawaii.

- (c) **Is certificated to operate as an interexchange carrier**

None.

- (d) **Has been denied authority to operate as an interexchange carrier and the circumstances involved.**

None.

- (e) **Has had regulatory penalties imposed for violations of telecommunications statutes and the circumstances involved**

None.

- (f) **Has been involved in civil court proceedings with an interexchange carrier, local exchange company or other telecommunications entity, and the circumstances involved**

None.

12. **What services will the applicant offer to other certificated telephone companies:**

- | | |
|---|------------------------------------|
| <input type="checkbox"/> Facilities | <input type="checkbox"/> Operators |
| <input type="checkbox"/> Billing and Collection | <input type="checkbox"/> Sales |
| <input type="checkbox"/> Maintenance | |
| <input type="checkbox"/> Other: _____ | |

None.

13. **Do you have a marketing program?**

Yes.

14. **Will your marketing program:**

- Pay commissions?
 Offer sales franchises?
 Offer multi-level sales incentives?
 Offer other sales incentives?

15. **Explain any of the offers checked in question 14 (To whom, what amount, type of franchise, etc.).**

Applicant will pay commissions to sales representatives.

16. **Who will receive the bills for your service (Check all that apply)?**

- | | |
|---|--|
| <input checked="" type="checkbox"/> Residential customers | <input checked="" type="checkbox"/> Business customers |
| <input type="checkbox"/> PATS providers | <input type="checkbox"/> PATS station end-users |
| <input type="checkbox"/> Hotels & motels | <input type="checkbox"/> Hotel & motel guests |
| <input type="checkbox"/> Universities | <input type="checkbox"/> Univ dormitory residents |
| <input type="checkbox"/> Other (specify): _____ | |

17. **Please provide the following (if applicable).**

- (a) **Will the name of your company appear on the bill for your services, and if not who will the billed party contact to ask questions about the bill (provide name and phone number) and how is this information provided?**

Applicant's name and toll free number will appear on all end-users' bills.

(b) Name and address of the firm who will bill for your service.

Billing will be provided by the Customers' local exchange carrier or the Applicant will bill directly utilizing "real time" call detail information from its underlying carrier or its own switching equipment.

18. Please submit the proposed tariff under which the company plans to begin operation. Use the format required by Commission Rule 25-24.482 (example enclosed).
19. The applicant will provide the following interexchange carrier services (Check all that apply):

- MTS with distance sensitive per minute rates
- Method of access is FGA
- Method of access is FGB
- Method of access is FGD
- Method of access is 800
- MTS with route specific rates per minute
- Method of access is FGA
- Method of access is FGB
- Method of access is FGD
- Method of access is 800
- MTS with statewide flat rates per minute (i.e. not distance sensitive)
- Method of access is FGA
- Method of access is FGB
- Method of access is FGD
- Method of access is 800
- MTS for pay telephone service providers
- Block-of-time calling plan (Reach out Florida, Ring America, etc.)
- 800 Service (Toll free)
- WATS type service (Bulk or volume discount)
- Method of access is via dedicated facilities
- Method of access is via switched facilities
- Private Line services (Channel Services)
(For ex. 1.544 mbs., DS-3, etc.)

Travel Service

Method of access is 950

Method of access is 800

900 service

Operator Services

Available to presubscribed customers

Available to non presubscribed customers (for example to patrons of hotels, students in universities, patients in hospitals)

Available to inmates

Services included are:

Station assistance

Person to Person assistance

Directory assistance

Operator verify and interrupt

Conference Calling

20. What does the end user dial for each of the interexchange carrier services that were checked in services included (above)

1+area code+number, 101XXXX+ area code+ number, or 1-800-XXX-XXXX

21. **Other:**

A. Attached hereto is a copy Applicant's parent company's (Fidelity National Financial, Inc.) Form 10Q for the quarter ended September 30, 1997 which was filed with the SEC, which demonstrates that Applicant has the financial ability to provide the services that it proposes to offer.

B. See attached resumes of Applicant's key employees.

C. Applicant will use the network services of its underlying carrier to provide services to customer in the State of Florida.

ATTACHMENTS:

- A - CERTIFICATE TRANSFER STATEMENT**
- B - CUSTOMER DEPOSITS AND ADVANCE PAYMENTS**
- C - INTRASTATE NETWORK**
- APPLICANT ACKNOWLEDGMENT STATEMENT**
- D - FLORIDA TELEPHONE EXCHANGES AND EAS ROUTES**
- E - GLOSSARY**

**** APPENDIX B ****

CUSTOMER DEPOSITS AND ADVANCE PAYMENTS

A statement of how the Commission can be assured of the security of the customer's deposits and advance payments may be responded to in one of the following ways (applicant please check one):

- (X) The applicant will not collect deposits nor will it collect payments for service more than one month in advance.
- () The applicant will file with the Commission and maintain a surety bond in an amount equal to the current balance of deposits and advance payments in excess of one month. (Bond must accompany application.)

UTILITY OFFICIAL:



1/12/98
Date

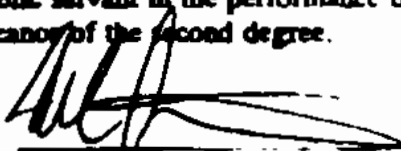
Mark Ataway

Title President

714-622-4444
Telephone No

**** APPLICANT ACKNOWLEDGEMENT STATEMENT ****

1. **REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one PERCENT of its gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of \$50 is required
2. **GROSS RECEIPTS TAX:** I understand that all telephone companies must pay a gross receipts tax of two and one-half percent on all intra and interstate business.
3. **SALES TAX:** I understand that a seven percent sales tax must be paid on intra and interstate revenues.
4. **APPLICATION FEE:** A non-refundable application fee of \$250.00 must be submitted with the application
5. **RECEIPT AND UNDERSTANDING OF RULES:** I acknowledge receipt and understanding of the Florida Public Service Commission's Rules and Orders relating to my provision of interexchange telephone service in Florida. I also understand that it is my responsibility to comply with all current and future Commission requirements regarding AAV service.
6. **ACCURACY OF APPLICATION:** By my signature below, I the undersigned owner or officer of the named utility in the application, attest to the accuracy of the information contained in this application and associated attachments. I have read the foregoing and declare that to the best of my knowledge and belief, the information is a true and correct statement. Further, I am aware that pursuant to Chapter 837.06, Florida Statutes, whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree.

UTILITY OFFICIAL:


Signature

1/12/98
Date

Mark Agaway

President
Title

714-622-4444
Telephone No

LIST OF ATTACHMENTS

PROPOSED TARIFF

FINANCIAL INFORMATION

MANAGEMENT INFORMATION

PROPOSED TARIFF

TITLE SHEET

FLORIDA TELECOMMUNICATIONS TARIFF

This tariff contains the descriptions, regulations, and rates applicable to the furnishing of service or facilities for Telecommunications Services furnished by ACS Systems, Inc. ("ACS"), with principal offices at 2510 N. Hill Avenue, Suite 230, Santa Ana, California 92705-5542. This tariff applies for telecommunications services furnished within the State of Florida. This tariff is on file with the Florida Public Service Commission, and copies may be inspected, during normal business hours, at the company's principal place of business.

Issued: January 12, 1998

Effective:

By: Ernest Ellis, VP of Telecommunications
ACS Systems, Inc.

2510 N. Hill Avenue, Suite 230
Santa Ana, California 92705-5542

CONCURRING, CONNECTING OR
OTHER PARTICIPATING CARRIERS AND
BILLING AGENTS

1. Concurring Carriers - None
2. Connecting Carriers - None
3. Other Participating Carriers - None
4. Billing Agents - None

Issued: January 12, 1998 Effective:
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2510 N. Hill Avenue, Suite 230
Santa Ana, California 92705-5542

CHECK SHEET

Sheets 1 through 32 inclusive of this tariff are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as listed below comprise all changes from the original tariff and are currently in effect as of the date on the bottom right hand side of this sheet.

<u>SHEET</u>	<u>REVISION</u>
1	Original*
2	Original*
3	Original*
4	Original*
5	Original*
6	Original*
7	Original*
8	Original*
9	Original*
10	Original*
11	Original*
12	Original*
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19	Original*
20	Original*
21	Original*
22	Original*
23	Original*
24	Original*
25	Original*
26	Original*
27	Original*
28	Original*
29	Original*
30	Original*
31	Original*
32	Original*

* Original or Revised Sheet included in the most recent tariff filing

Issued: January 12, 1998 **Effective:**
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ACS Systems, Inc.
2510 N. Hill Avenue, Suite 230
Santa Ana, California 92705-5542

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 ACS Systems, Inc.
 2510 N. Hill Avenue, Suite 230
 Santa Ana, California 92705-5542

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 ACS Systems, Inc.
 2510 N. Hill Avenue, Suite 230
 Santa Ana, California 92705-5542

SYMBOLS

The following are the only symbols used for the purposes indicated below:

- D - Delete or Discontinue
- I - Change Resulting In An
Increase to A Customer's Bill
- M - Moved from Another Tariff Location
- N - New
- R - Change Resulting In A
Reduction to A Customer's Bill
- T - Change in Text or Regulation
But No Change In Rate or Charge

Issued: January 12, 1998 Effective:
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ACS Systems, Inc.
2510 N. Hill Avenue, Suite 230
Santa Ana, California 92705-5542

TARIFF FORMAT

A. **Sheet Numbering:** Sheet numbers appear in the upper right corner of the page. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between pages 11 and 12 would be page 11.1.

B. **Sheet Revision Numbers:** Revision numbers also appear in the upper right corner of each sheet where applicable. These numbers are used to indicate the most current page version on file with the Commission. For example, 4th Revised Sheet 13 cancels 3rd Revised Sheet 13. Consult the Check Sheet for the sheets currently in effect.

C. **Paragraph Numbering Sequence:** There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:

- 2.
- 2.1
- 2.1.1
- 2.1.1.A
- 2.1.1.A.1
- 2.1.1.A.1.(a)
- 2.1.1.A.1.(a).I
- 2.1.1.A.1.(a).I.(i)
- 2.1.1.A.1.(a).I.(i).(1)

D. **Check Sheets:** When a tariff filing is made with the Commission, an updated Check Sheet accompanies the tariff filing. The Check Sheet lists the sheets contained in the tariff, with a cross reference to the current Revision Number. When new sheets are added, the Check Sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There will be no other symbols used on this sheet if these are the only changes made to it (i.e., the format, etc. remains the same, just revised revision levels on some sheets). The tariff user should refer to the latest Check Sheet to find out if a particular sheet is the most current on Commission file.

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ACS Systems, Inc.
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Santa Ana, California 92705-5542

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

Access Line - An arrangement from a local exchange telephone company or other common carrier, using either dedicated or switched access, which connects a Customer's location to ACS's location or switching center.

Authorization Code - A numerical code, one or more of which may be assigned to a Customer, to enable ACS to identify the origin of the Customer so it may rate and bill the call. Automatic number identification (ANI) is used as the authorization code wherever possible.

Commission - Used throughout this tariff to mean the Florida Public Service Commission.

Customer - The person, firm, corporation or other legal entity which orders the services of ACS or purchases a ACS Prepaid Calling Card and/or originates prepaid calls using such cards, and is responsible for the payment of charges and for compliance with the Company's tariff regulations.

Company or ACS - Used throughout this tariff to mean ACS Systems, Inc., a California corporation.

Holiday - New Year's Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. Holidays shall be billed at the evening rate from 8 a.m. to 11 p.m. After 11 p.m., the lower night rate shall go into effect.

Prepaid Account - An inventory of Telecom Units purchased in advance by the Customer, and associated with one and only one Authorization Code as contained in a specific Prepaid Calling Card.

Prepaid Calling Card - A card issued by the Company, containing an Authorization Code which identifies a specific Prepaid Account of Telecom Units, which enables calls to be processed, account activity to be logged, and balances to be maintained, on a prepayment basis.

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Ernest Ellis, VP of Telecommunications
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2510 N. Hill Avenue, Suite 230
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Telecom Unit - A measurement of telecommunications service equivalent to one minute of usage between any two points within the State of Florida.

Telecommunications - The transmission of voice communications or, subject to the transmission capabilities of the services, the transmission of data, facsimile, signaling, metering, or other similar communications.

Underlying Carrier - The telecommunications carrier whose network facilities provide the technical capability and capacity necessary for the transmission and reception of Customer telecommunications traffic.

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SECTION 2 - RULES AND REGULATIONS**2.1 Undertaking of the Company**

This tariff contains the regulations and rates applicable to intrastate resale telecommunications services provided by ACS for telecommunications between points within the State of Florida. Resale services are furnished subject to the availability of facilities and subject to the terms and conditions of this tariff in compliance with limitations set forth in the Commission's rules. The Company's services are provided on a statewide basis and are not intended to be limited geographically. The Company offers service to all those who desire to purchase service from the Company consistent with all of the provisions of this tariff. Customers interested in the Company's services shall file a service application with the Company which fully identifies the Customer, the services requested and other information requested by the Company. The Company may act as the Customer's agent for ordering access connection facilities provided by other carriers or entities when authorized by the Customer, to allow connection of a Customer's location to a service provided by the Company. The Customer shall be responsible for all charges for such service arrangement. The Company does not own any switching, transmission or other physical facilities in Florida.

- 2.1.1 The services provided by ACS are not part of a joint undertaking with any other entity providing telecommunication channels, facilities, or services, but may involve the resale of the Message Transfer Services (MTS) and Wide Area Telecommunications Services (WATS) of underlying common carriers subject to the jurisdiction of this Commission.

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- 2.1.2 The rates and terms contained in this tariff apply only to the resale services furnished by ACS and do not apply, unless otherwise specified, to the lines, facilities, or services provided by a local exchange telephone company or other common carriers for use in a contract the services of ACS.
- 2.1.3 The Company reserves the right to limit the length of communications, to discontinue furnishing services, or limit the use of service necessitated by conditions beyond its control, including, without limitation: lack of satellite or other transmission medium capacity; the revision, alteration or repricing of the underlying carrier's tariffed offerings; or when the use of service becomes a violation of the law or the provisions of this tariff.

2.2 Use and Limitations of Services

- 2.2.1 ACS's services may be used for any lawful purpose consistent with the transmission and switching parameters of the telecommunications facilities utilized in the provision of services, subject to any limitations set forth in this Section 2.2.
- 2.2.2 The use of ACS's services to make calls which might reasonably be expected to frighten, abuse, torment, or harass another or in such a way as to unreasonably interfere with use by others is prohibited.
- 2.2.3 The use of ACS's services without payment for service or attempt to obtain payment for service by fraudulent means or devices, schemes, false or misleading numbers, or false calling or credit is prohibited.

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Effective:

By: Ernest Ellis, VP of Telecommunications

ACS Systems, Inc.

2510 N. Hill Avenue, Suite 230

Santa Ana, California 92705-5542

- 2.2.4 ACS's services are available for use twenty four hours per day, seven days per week.
- 2.2.5 ACS does not transmit messages, but the services may be used for that purpose.
- 2.2.6 ACS's services may be denied for nonpayment of charges or for other violations of this tariff subject to Section 1.1.1 herein.
- 2.2.7 Customers shall not use the service provided under this tariff for any unlawful purpose.
- 2.2.8 The Customer is responsible for notifying the Company immediately of any unauthorized use of services.

2.3 Liability of the Company

- 2.3.1 The Company shall not be liable for any claim, loss, expense or damage for any interruption, delay, error, omission, or defect in any service, facility or transmission provided under this tariff, if caused by the Underlying Carrier, an act of God, fire, war, civil disturbance, act of government, or due to any other causes beyond the Company's control.
- 2.3.2 The Company shall not be liable for, and shall be fully indemnified and held harmless by the Customer against any claim, loss, expense, or damage for defamation, libel, slander, invasion, infringement of copyright or patent, unauthorized use of any trademark, trade name or service mark, proprietary or creative right, or any other injury to any person, property or entity arising out of the material, data or information transmitted.
- 2.3.3 No agent or employee of any other carrier or entity shall be deemed to be an agent or employee of the Company.

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2510 N. Hill Avenue, Suite 230
Santa Ana, California 92705-5542

- 2.3.4 The Company's liability for damages, resulting in whole or in part from or arising in connection with the furnishing of service under this tariff, including but not limited to mistakes, omissions, interruptions, delays, errors, or other defects shall not exceed an amount equal to the charges provided for under this tariff for the long distance call for the period during which the call was affected. No other liability in any event shall attach to the Company.
- 2.3.5 The Company shall not be liable for and shall be indemnified and saved harmless by any Customer or by any other entity from any and all loss, claims, demands, suits, or other action or any liability whatsoever, whether suffered, made, instituted, or asserted by any Customer or any other entity for any personal injury to, or death of, any person or persons, and for any loss, damage, defacement or destruction of the premises of any Customer or any other entity or any other property whether used or controlled by the Customer or others.
- 2.3.6 The Company shall not be liable for any indirect, special, incidental, or consequential damages under this tariff including, but not limited to, loss of revenue or profits, for any reason whatsoever, including the breakdown of facilities associated with the service, or for any mistakes, omissions, delays, errors, or defects in transmission occurring during the course of furnished service.
- 2.3.7 The remedies set forth herein are exclusive and in lieu of all other warranties and remedies, whether express, implied, or statutory, INCLUDING WITH THE LIMITATION IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

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Effective:

By: Ernest Ellis, VP of Telecommunications

ACS Systems, Inc.

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2.4 Responsibilities of the Customer

- 2.4.1 The Customer is responsible for placing any necessary orders and complying with tariff regulations. The Customer is also responsible for the payment of charges for services provided under this tariff.
- 2.4.2 The Customer is responsible for charges incurred for special construction and/or special facilities which the Customer requests and which are ordered by ACS on the Customer's behalf.
- 2.4.3 If required for the provision of ACS's services, the Customer must provide any equipment space, supporting structure, conduit and electrical power without charge to ACS.
- 2.4.4 The Customer is responsible for arranging access to its premises at times mutually agreeable to ACS and the Customer when required for ACS personnel to install, repair, maintain, program, inspect or remove equipment associated with the provision of ACS's services.
- 2.4.5 The Customer shall cause the temperature and relative humidity in the equipment space provided by Customer for the installation of ACS's equipment to be maintained within the range normally provided for the operation of microcomputers.
- 2.4.6 The Customer shall ensure that the equipment and/or system is properly interfaced with ACS's facilities or services, that the signals emitted into ACS's network are of the proper mode, bandwidth, power and signal level for the intended use of the subscriber and in compliance with criteria set forth in this tariff, and that the signals do not

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Section 2.4.6 Continued

damage equipment, or the personnel, or degrade service to other customers. If the Federal Communications Commission or some other appropriate certifying body certifies terminal equipment as being technically acceptable for direct electrical connection with interstate communications service, ACS will permit such equipment to be connected with its channels without the use of protective interface devices. If the Customer fails to maintain the equipment and/or the system properly, with resulting imminent harm to ACS equipment, personnel or the quality of service to other Customers, ACS may, upon written notice, require the use of protective equipment at the Customer's expense. If this fails to produce satisfactory quality and safety, ACS may, upon written notice, terminate the Customer's service.

- 2.4.7 The Customer must pay ACS for replacement or repair of damage to the equipment or facilities of ACS caused by negligence or willful act of the Customer or others, by improper use of the services, or by use of equipment provided by Customer or others.
- 2.4.8 The Customer must pay for the loss through theft of any ACS equipment installed at Customer's premises.
- 2.4.9 If ACS installs equipment at Customer's premises, the Customer shall be responsible for payment of any applicable installation charge.
- 2.4.10 The Customer must use the services offered in this tariff in a manner consistent with the terms of this tariff and the policies and regulations of all state, federal and local authorities having jurisdiction over the service.

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ACS Systems, Inc.

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2.5 Cancellation or Interruption of Services

- 2.5.1 Without incurring liability, upon five (5) working days' (defined as any day on which the company's business office is open and the U.S. Mail is delivered) written notice to the Customer, ACS may immediately discontinue services to a Customer or may withhold the provision of ordered or contracted services:
- 2.5.1.A For nonpayment of any sum due ACS for more than thirty (30) days after issuance of the bill for the amount due,
 - 2.5.1.B For violation of any of the provisions of this tariff,
 - 2.5.1.C For violation of any law, rule, regulation, policy of any governing authority having jurisdiction over ACS's services, or
 - 2.5.1.D By reason of any order or decision of a court, public service commission or federal regulatory body or other governmental authority prohibiting ACS from furnishing its services.
- 2.5.2 Without incurring liability, ACS may interrupt the provision of services at any time in order to perform tests and inspections to assure compliance with tariff regulations and the proper installation and operation of Customer and ACS's equipment and facilities and may continue such interruption until any items of non-compliance or improper equipment operation are identified and are rectified.

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-
- 2.5.3 Service may be discontinued by ACS without notice to the Customer, by blocking traffic to certain countries, cities or NXX exchanges, or by blocking calls using certain Customer authorization codes, when ACS deems it necessary to take such action to prevent unlawful use of its services. ACS will restore service as soon as it can be provided without undue risk, and will, upon request by the Customer affected, assign a new authorization code to replace the one that has been deactivated.
- 2.5.4 The Customer may terminate service upon verbal or written notice for the Company's standard month-to-month contract. Customer will be liable for charges on any of the Company's service offerings until the Customer actually leaves the service. Customers will continue to have Company usage until the Customer notifies its local exchange carrier and changes its long distance carrier. Until the Customer so notifies its local exchange carrier, it shall continue to generate and be responsible for long distance usage.

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2.6 Credit Allowance - Interruption of Service

- 2.6.1 Credit allowance for the interruption of service which is not due to the Company's testing or adjustment, negligence of the Customer, or to the failure of channels or equipment provided by the Customer, are subject to the general liability provisions set forth in 2.3 hereof. It shall be the obligation of the Customer to notify the Company immediately of any interruption in service for which a credit allowance is desired. Before giving such notice, the Customer shall ascertain that the trouble is not being caused by any action or omission by the Customer within his control, or is not in wiring or equipment, if any, furnished by the Customer and connected to the Company's facilities.
- 2.6.2 No credit is allowed in the event that service must be interrupted in order to provide routine service, quality or related investigations.
- 2.6.3 Credit for failure of service shall be allowed only when such failure is caused by or occurs due to causes within the control of the Company or in the event that the Company is entitled to a credit for the failure of the facilities of the Company's underlying Carrier used to furnish service.
- 2.6.4 Credit for interruption shall commence after the Customer notifies the Company of the interruption or when the Company becomes aware thereof, and ceases when service has been restored.
- 2.6.5 For purposes of credit computation, every month shall be considered to have 720 hours.

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-
- 2.6.6 No credit shall be allowed for an interruption of a continuous duration of less than two hours.
- 2.6.7 The Customer shall be credited for an interruption of two hours or more at the rate of 1/720th of the monthly charge for the facilities affected for each hour or major fraction thereof that the interruption continues.

Credit Formula:

$$\text{Credit} = \frac{A}{720} \times B$$

"A" - outage time in hours

"B" - monthly charge for affected activity

2.7 Deposit

The Company does not require deposits.

2.8 Advance Payments

The Company does require advance payments.

2.9 Payment and Billing

- 2.9.1 Service is provided and billed on a billing cycle basis, beginning on the date that service becomes effective. Billing is payable upon receipt.

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2.9.2 The customer is responsible for payment of all charges for services furnished to the Customer, as well as to all persons using the Customer's codes, exchange lines, facilities, or equipment, with or without the knowledge or consent of the Customer. The security of the Customer's Authorization Codes, subscribed exchange lines, and direct connect facilities is the responsibility of the Customer. All calls placed using direct connect facilities, subscribed exchange lines, or Authorization Codes will be billed to and must be paid by the Customer. Recurring charges and non recurring charges are billed in advance. Charges based on actual usage during a month and any accrued interest will be billed monthly in arrears.

2.10 Collection Costs

In the event Company is required to initiate legal proceedings to collect any amounts due to Company for regulated or non-regulated services, equipment or facilities, or to enforce any judgment obtained against a Customer, or for the enforcement of any other provision of this tariff or applicable law, Customer shall, in addition to any amounts due, be liable to Company for all reasonable costs incurred by Company in such proceedings and enforcement actions, including reasonable attorneys' fees, collection agency fees or payments, and court costs. In any such proceeding, the amount of collection costs, including attorneys' fees, due to the Company, will be determined by the court.

2.11 Taxes

All federal, state and local taxes, assessments, surcharges, or fees, including sales taxes, use taxes, gross receipts taxes, and municipal utilities taxes, are billed as separate line items and are not included in the rates quoted herein.

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2.12 Late Charge

A late fee will be charged on any past due balances as set forth in Section 4.10 of this tariff.

2.13 Returned Check Charge

A fee will be charged whenever a check or draft presented for payment for service is not accepted by the institution on which it is written.

2.14 Location of Service

The Company will provide service to Customers within the State of Florida.

2.15 Sale of Telecommunications Services to Uncertified IXCs Prohibited

Customers reselling or rebilling the Company's telecommunications services must have a Certificate of Public Convenience and Necessity as an interexchange carrier from the Commission.

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SECTION 3 - DESCRIPTION OF SERVICE

3.1 Computation of Charges

3.1.1 The total charge for each completed call may be a variable measured charge dependent on the duration, distance and time of day of the call. The total charge for each completed call may also be dependent only on the duration of the call, i.e., a statewide flat rate per minute charge. The variable measured charge is specified as a rate per minute which is applied to each minute. All calls are measured in increments as set forth in the Rates Section of this tariff. All calls are rounded up to the next whole increment.

3.1.2 Usage charges for all mileage sensitive products are based on the airline distance between rate centers associated with the originating and terminating points of the call. The airline mileage between rate centers is determined by applying the formula below to the vertical and horizontal coordinates associated with the rate centers involved. The Company uses the rate centers that are produced by Bell Communications Research in the NPA-NXX V&H 7000000000 Tape and Bell's NECA Tariff No. 4.

Formula:

$$\sqrt{\frac{(V1-V2)^2 + (H1-H2)^2}{15}}$$

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- 3.1.3 Timing begins when the called station is answered and two way communication is possible, as determined by standard industry methods generally in use for ascertaining answer, including hardware answer supervision in which the local telephone company sends a signal to the switch or the software utilizing audio tone detection. Recognition of answer supervision is the responsibility of the Underlying Carrier. Timing for each call ends when either party hangs up. ACS will not bill for uncompleted calls.

3.2 Customer Complaints and/or Billing Disputes

Customer inquiries or complaints regarding service or accounting may be made in writing or by telephone to the Company at:

2510 N. Hill Avenue, Suite 230
Santa Ana, California 92705-5542
(888) 322-7797

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3.5 Service Offerings

3.5.1 1+ Dialing

The customer utilizes "1+" dialing, or "101XXXX" dialing followed by "1 + ten digits" for interLATA calls, or dials "101XXXX" followed by "1 + 7 digits" or "1 + 10 digits" for intralATA calls.

3.5.2 Travel Cards

The Customer utilizes an 11 digit "toll free" access number established by the Company to access a terminal. Upon receiving a voice prompt, the Customer uses push button dialing to enter an identification code assigned by the Company, and the ten digit number of the called party.

3.5.3 800 Service (Toll Free)

This service is inbound calling only where an 800, 888 or other toll free prefix number rings into a Customer's premise routed to a specific telephone number or terminated over a dedicated facility.

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3.5.4 ACS Prepaid Calling Cards

This service permits use of Prepaid Calling Cards for placing long distance calls. Customers may purchase ACS Prepaid Calling Cards at a variety of retail outlets or through other distribution channels. ACS Prepaid Calling Cards are available at a variety of face values ranging from five dollars (\$5.00), in one dollar (\$1.00) increments. ACS Prepaid Calling Card service is accessed using the ACS toll free number printed on the card. The caller is prompted by an automated voice response system to enter his/her Authorization Code, and then to enter the terminating telephone number. ACS's processor tracks the call duration on a real time basis to determine the number of Telecom Units consumed. The total consumed Telecom Units for each call is deducted from the remaining Telecom Unit balance on the Customer's ACS Prepaid Calling Card.

All calls must be charged against Prepaid Calling Card that has a sufficient Telecom Unit balance. A Customer's call will be interrupted with an announcement when the balance is about to be depleted.

In order to continue the call, the Customer can either call the toll free number on the back of the ACS Prepaid Calling Card and "recharge" the balance on the card using a nationally recognized credit card, or the Customer can throw the card away and purchase a new one. Calls in progress will be terminated by the Company if the balance on the ACS Prepaid Calling Card is insufficient to continue the call and the Customer fails to enter the number of another valid ACS Prepaid Calling Card prior to termination.

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Section 3.5.4 Continued

A card will expire 12 months from the date of purchase, or the date of last recharge, whichever is later. The Company will not refund unused balances.

A credit allowance for ACS Prepaid Calling Card Service is applicable to calls that are interrupted due to poor transmission, one way transmission, or involuntary disconnection of a call. To receive the proper credit, the Customer must notify the Company at the designated toll free customer service number printed on the ACS Prepaid Calling Card and furnish the called number, the trouble experienced (e.g. cut off, noisy circuit, etc.), and the approximate time that the call was placed.

When a call charged to an ACS Prepaid Calling Card is interrupted due to cut off, one way transmission, or poor transmission conditions, the Customer will receive a credit equivalent of one Telecom Unit.

Credit allowances for calls pursuant to ACS Prepaid Card Service do not apply for interruptions not reported promptly to the Company or interruptions that are due to the failure of power, equipment or systems not provided by the Company.

Credit for failure of service shall be allowed only when such failure is caused by or occurs due to causes within the control of the Company.

The Company will block all calls beginning with the NPA "900" and NXX "976" calls, therefore such calls cannot be completed.

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3.5.5 Local Calls and Directory Assistance.

Local calls will not be accepted or completed. ACS does not provide local directory assistance. Access to long distance directory assistance is obtained by dialing 1 + 555 1212 for listings within the originating area code and 1 + (area code) + 555-1212 for other listings. When more than one number is requested in a single call, a charge will be applicable for each number requested, whether or not the number is listed or published.

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3.5.6 Emergency Call Handling Procedures

Emergency "911" calls are not routed to company, but are completed through the local network at no charge.

3.5.7 Promotional Offerings

The Company may offer approved special promotions of new or existing services or products for limited time periods as approved by the Commission. These promotions will include specific tariffed starting and ending dates. All such promotions will be offered on a completely non-discriminatory basis. All such tariffed promotions must be approved by the Commission and must state exactly what charges are being reduced or waived, who is eligible, and what customers have to do to be eligible.

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SECTION 4 - RATES

4.1 1+ Dialing

4.1.1 Commercial Customers

\$0.209 per minute

A \$5 per month service charge applies.

Calls are measured in 6 second increments with a 16 second minimum per call.

4.1.2 Residential Customers

\$0.249 per minute

A \$5 per month service charge applies.

Calls are measured in one minute increments.

4.2 Travel Cards

4.2.1 Commercial Customers

\$.229 per minute

A \$.25 per call service charge applies.

Calls are measured in one minute increments.

4.2.2 Residential Customers

\$.269 per minute

A \$.25 per call service charge applies.

Calls are measured in one minute increments.

In addition, a charge of \$.35 per call will apply for all calls originated from a payphone.

4.3 Toll Free

4.3.1 Commercial Customers

\$0.196 per minute

A \$10 per month per number service charge applies.

Calls are measured in 6 second increments with a 16 second minimum per call.

4.3.2 Residential Customers

\$0.236 per minute

A \$10 per month per number service charge applies.

Calls are measured in one minute increments.

In addition, a charge of \$.35 per call will apply for all calls originated from a payphone.

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4.4 Prepaid Calling Cards

\$.25 Per Telecom Unit

Cards will be decremented by one Telecom Unit for each minute or fractional part of a minute for intrastate calls. These rates apply twenty-four hours per day, seven days per week. A service charge of \$.35 per call will apply for all cards originated from a payphone.

4.5 Directory Assistance

\$.65 per phone number provided from a directory assistance call.

4.6 Returned Check Charge

\$15.00 per check

4.7 Rate Periods

	Monday - Friday	Sat	Sun
8 a.m. to 5 p.m.*	Daytime Rate Period		
5 p.m. to 11 p.m.*	Evening Rate Period		Evening Rate Period
11 p.m. to 8 a.m.*	Night/Weekend Rate Period		

* To, but not including
When a message spans more than one rate period, total charges for the minutes in each rate period are calculated and the results for each rate period are totaled to obtain the total message charge. If the calculation results in a fractional charge, the amount will be rounded down to the nearest cent.

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4.8 Rates Applicable for Hearing/Speech Impaired Persons

For intrastate toll messages which are communicated using a telecommunications device for the deaf (TDD) by properly certified business establishments or individuals equipped with TDDs for communication with hearing or speech impaired persons, the rates shall be evening rates for daytime calls and night rates for evening and night calls.

Intrastate toll calls received from the relay service, each local exchange and interexchange telecommunications company billing relay call will be discounted by 50 percent of the applicable rate for a voice nonrelay call except that where either the calling or called party indicated that either party is both hearing and visually impaired, the call will be discounted 60 percent off the applicable rate for voice nonrelay calls.

Florida Public Service Commission Rules and Regulations require the Company to provide the Florida directory assistance calls initiated per annum by the handicapped persons free of charge.

4.9 Employee Concessions

The Company does not offer employee concessions.

4.10 Late Charge

1.5% monthly or the amount otherwise authorized by law, whichever is lower.

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Effective:

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ACS Systems, Inc.

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Santa Ana, California 92705-5542

FINANCIAL INFORMATION

Form 10Q for the quarter ended September 30, 1997

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

OR

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

For the Quarter Ended September 30, 1997

Commission File Number 1-9396

FIDELITY NATIONAL FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

<u>Delaware</u> (State or other jurisdiction of incorporation or organization)	<u>86-0498599</u> (I.R.S. Employer Identification Number)
--	---

<u>17911 Von Karman Avenue, Irvine, California</u> (Address of principal executive offices)	<u>92614</u> (Zip Code)
--	----------------------------

<u>(714) 622-4333</u> (Registrant's telephone number, including area code)

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 (X) NO ()

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

\$.0001 par value common - 16,276,062 shares as of November 11, 1997

Exhibit Index appears on page 12 of 13 sequentially numbered pages.

FORM 10-Q

QUARTERLY REPORT

Quarter Ended September 30, 1997

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Part II: OTHER INFORMATION	
Items 1.- 4. of Part II have been omitted because they are not applicable with respect to the current reporting period.	
Item 5. Omitted because it is not applicable with respect to the current reporting period.	
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SIGNATURES

Pursuant to the requirements 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.

FIDELITY NATIONAL FINANCIAL, INC.
(Registrant)

By: /s/ Allen D. Meadows
Allen D. Meadows
Executive Vice President
Chief Financial Officer

Date: November 11, 1997

Part I: FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

FIDELITY NATIONAL FINANCIAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

	September 30, 1997 (Unaudited)	December 31, 1996
ASSETS		
Investments:		
Fixed maturities available for sale, at fair value	\$ 174,008	\$ 166,329
Equity securities, at fair value	84,438	43,578
Other long-term investments, at cost, which approximates fair value	8,866	5,542
Short-term investments, at cost, which approximates fair value	15,272	873
Investments in real estate and partnerships, net	7,175	11,352
Total investments	<u>289,759</u>	<u>227,674</u>
Cash and cash equivalents	80,329	63,971
Trade receivables, net	50,502	54,355
Notes receivable, net	8,659	11,317
Prepaid expenses and other assets	60,304	55,072
Title plants	51,661	50,701
Property and equipment, net	35,045	38,617
Income taxes receivable	—	7,589
	<u>\$ 576,259</u>	<u>\$ 509,296</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued liabilities	\$ 52,154	\$ 53,987
Notes payable	150,918	148,922
Reserve for claim losses	188,333	187,245
Deferred income tax liabilities	15,053	7,604
Income taxes payable	<u>12,523</u>	<u>—</u>
	418,981	397,758
Minority interest	3,489	1,287
Stockholders' equity:		
Preferred stock, \$.0001 par value; authorized, 3,000,000 shares; issued and outstanding, none	—	—
Common stock, \$.0001 par value; authorized, 50,000,000 shares in 1997 and 1996; issued, 19,855,014 as of September 30, 1997 and 19,412,694 as of December 31, 1996	2	2
Additional paid-in capital	68,376	61,271
Retained earnings	<u>116,001</u>	<u>91,019</u>
	184,379	152,292
Net unrealized gains on investments	23,785	12,334
Less treasury stock, 5,492,138 shares as of September 30, 1997 and December 31, 1996, at cost	<u>54,375</u>	<u>54,375</u>
	<u>153,789</u>	<u>110,251</u>
	<u>\$ 576,259</u>	<u>\$ 509,296</u>

See Notes to Condensed Consolidated Financial Statements

FIDELITY NATIONAL FINANCIAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(In thousands, except per share data)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	1997	1996	1997	1996
	(Unaudited)		(Unaudited)	
REVENUE:				
Title insurance premiums	\$ 141,060	\$ 126,757	\$ 381,432	\$ 346,543
Escrow fees	20,771	16,414	58,365	50,242
Other fees and revenue	22,148	19,824	63,995	56,009
Interest and investment income, including realized gains and losses	<u>13,936</u>	<u>3,697</u>	<u>25,773</u>	<u>11,924</u>
	<u>197,915</u>	<u>166,692</u>	<u>529,565</u>	<u>464,718</u>
EXPENSES:				
Personnel costs	57,036	52,851	171,854	159,735
Other operating expenses	37,953	38,184	119,115	110,574
Agent commissions	63,285	53,429	157,919	131,773
Provision for claim losses	9,981	9,273	26,041	25,048
Interest expense	<u>2,389</u>	<u>2,332</u>	<u>7,167</u>	<u>6,908</u>
	<u>170,644</u>	<u>156,069</u>	<u>482,096</u>	<u>434,038</u>
Earnings before income taxes	27,271	10,623	47,469	30,680
Income tax expense	<u>11,414</u>	<u>4,306</u>	<u>19,484</u>	<u>12,272</u>
Net earnings	<u>\$ 15,857</u>	<u>\$ 6,317</u>	<u>\$ 27,985</u>	<u>\$ 18,408</u>
Primary earnings per share	<u>\$ 1.06</u>	<u>\$.44</u>	<u>\$ 1.90</u>	<u>\$ 1.29</u>
Fully diluted earnings per share	<u>\$.85</u>	<u>\$.38</u>	<u>\$ 1.57</u>	<u>\$ 1.11</u>
Primary weighted average shares outstanding	<u>14,999</u>	<u>14,321</u>	<u>14,692</u>	<u>14,249</u>
Fully diluted weighted average shares outstanding	<u>19,544</u>	<u>18,717</u>	<u>19,310</u>	<u>18,643</u>
Cash dividends per share	<u>\$.07</u>	<u>\$.06</u>	<u>\$.21</u>	<u>\$.19</u>

See Notes to Condensed Consolidated Financial Statements

FIDELITY NATIONAL FINANCIAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Nine months ended September 30.	
	1997	1996
	(Unaudited)	
Cash flows from operating activities:		
Net earnings	\$ 27,985	\$ 18,408
Reconciliation of net earnings to net cash provided by operating activities:		
Depreciation and amortization	10,816	8,478
Net increase (decrease) in reserve for claim losses	968	(1,277)
Provision for possible losses on real estate and notes receivable	819	363
Gain on sales of investments, real estate and other assets	(14,342)	(2,600)
Amortization of LYON's original issue discount and debt issuance costs	4,742	3,899
Other	(35)	127
Change in assets and liabilities, net of effects from acquisition of subsidiaries:		
Net (increase) decrease in trade receivables	532	(8,740)
Net (increase) decrease in prepaid expenses and other assets	(3,551)	2,573
Net decrease in accounts payable and accrued liabilities	(231)	(1,788)
Net increase in income taxes	<u>20,112</u>	<u>7,294</u>
Net cash provided by operating activities	<u>47,815</u>	<u>26,737</u>
Cash flows from investing activities:		
Proceeds from sales of property and equipment	15,742	1,521
Proceeds from sales of real estate	4,567	—
Proceeds from sales and maturities of investments	171,932	143,627
Collections of notes receivable	3,186	9,353
Additions to title plants	(735)	(695)
Additions to property and equipment	(16,338)	(8,340)
Additions to investments	(205,082)	(148,939)
Additions to notes receivable	(2,324)	(8,225)
Investments in real estate and partnerships	(1,048)	(700)
Acquisition of subsidiaries, net of cash acquired	(1,128)	(10,544)
Sale of subsidiary, net of cash	<u>3,792</u>	<u>—</u>
Net cash used in investing activities	<u>(27,436)</u>	<u>(22,942)</u>

See Notes to Condensed Consolidated Financial Statements
(continued)

FIDELITY NATIONAL FINANCIAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(In thousands)

	Nine months ended	
	September 30,	
	1997	1996
	(Unaudited)	
Cash flows from financing activities:		
Borrowings	\$ 8,169	\$ 10,897
Debt service payments	(10,565)	(6,030)
Reissue of treasury stock	—	2,109
Dividends paid	(2,934)	(2,602)
Stock options exercised	<u>1,309</u>	<u>407</u>
Net cash provided by (used in) financing activities	<u>(4,021)</u>	<u>4,781</u>
Net increase in cash and cash equivalents	16,358	8,576
Cash and cash equivalents at beginning of period	<u>63,971</u>	<u>47,431</u>
Cash and cash equivalents at end of period	<u>\$ 80,329</u>	<u>\$ 56,007</u>
Supplemental cash flow information:		
Income taxes (refunded) paid	<u>\$ (642)</u>	<u>\$ 10,493</u>
Interest paid	<u>\$ 3,149</u>	<u>\$ 3,355</u>
Noncash investing and financing activities:		
Dividends declared and unpaid	<u>\$ 1,044</u>	<u>\$ 888</u>
Value of stock issued in acquisition of First Title Corporation	\$ 3,760	\$ —
Value of stock issued in acquisition of Island Credit Services	3,000	—
Value of stock issued in acquisition of Nations Title Inc.	<u>—</u>	<u>2,130</u>
	<u>\$ 6,760</u>	<u>\$ 2,130</u>

See Notes to Condensed Consolidated Financial Statements

Notes to Condensed Consolidated Financial Statements

Note A - Basis of Financial Statements

The financial information included in this report includes the accounts of Fidelity National Financial, Inc. and its subsidiaries (collectively, the "Company") and has been prepared in accordance with generally accepted accounting principles and the instructions to Form 10-Q and Article 10 of Regulation S-X. All adjustments, consisting of normal recurring accruals considered necessary for a fair presentation, have been included. This report should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 1996. Certain reclassifications have been made in the 1996 Condensed Consolidated Financial Statements to conform to the classifications used in 1997.

Note B - Dividends

On September 16, 1997, the Company's Board of Directors declared a cash dividend of \$.07 per share, payable on October 10, 1997, to stockholders of record on September 26, 1997.

Note C - Sale of American Title Company

Effective July 1, 1997, the Company sold a majority interest (60%) of its subsidiary American Title Company ("ATC"), an underwritten title company, to certain members of ATC's management. ATC will function as an exclusive agent of the Company. The sale price of the 60% interest was \$6.0 million resulting in a realized gain of approximately \$1.3 million before applicable income taxes.

Note D - Acquisitions

On April 4, 1996, the Company purchased 17% of the outstanding common stock of National Alliance Marketing Group, Inc. ("National"), a California corporation, for \$566,667; together with a warrant to acquire an additional 14% of National common stock. In addition, the company loaned \$1,200,000 to National at closing at a rate of prime plus one percent. Subsequently, the Company agreed to increase the credit facility from \$1,200,000 to \$1,700,000. In consideration for the increase in the credit facility National agreed to increase the warrant shares which the Company can purchase. If the entire \$1,700,000 was borrowed the Company could purchase an additional 34% of the outstanding shares of National. After receiving approval of the transaction from the California Department of Insurance, the transaction closed on July 12, 1996. National is the parent company of Alliance Home Warranty Company, a California insurance company. Alliance sells home warranty plans to buyers of resale homes, primarily in the Central and Southern California markets. A home warranty contract generally promises the repair replacement of major operating system and built-in appliances inside a home for a period of one year. On July 3, 1997, the Company converted the outstanding note balance in conjunction with the exercise of the warrants and now owns 51% of the outstanding common stock of National. The outstanding balance of the notes receivable due from National at conversion was approximately \$1.6 million.

On July 22, 1997, the Company purchased 1,000,000 shares of common stock of GB Foods Corporation, which represents approximately 15.5% of the outstanding common stock of GB Foods Corporation, for a purchase price of \$5.0 million. Additionally, the Company purchased warrants to acquire an additional 3,500,000 shares of GB Foods Corporation at various prices ranging from \$5.00 - \$7.50 for a purchase price of \$800,000. 1,500,000 million warrants are exercisable at \$5.00 per share, 1,000,000 million warrants are exercisable at \$7.00 per share and 1,000,000 million warrants are exercisable at \$7.50 per share. In conjunction with the common stock purchase, the Company gained control of three seats on the GB Foods Corporation Board of Directors. The purpose of the investment is consistent with the Company's strategic goal to diversify into non-interest rate sensitive businesses. The Company's investment in GB Foods Corporation will be accounted for under the equity method.

On August 22, 1997, the Company acquired the common stock of First Title Corporation, a title company with fourteen offices throughout the southeastern United States. First Title has been merged into a subsidiary of the Company. First Title was acquired for \$4.7 million; payable in 80% common stock of the Company (230,362 shares or \$3.8 million) and 20% cash (approximately \$900,000). This transaction has been accounted for as a purchase.

On September 18, 1997, the Company acquired the common stock of Inland Credit Services ("ICS"), a credit reporting company headquartered in Lexington, Kentucky, for a purchase price of \$3.75 million. ICS has been merged with Credit Reports, Inc. The purchase price was payable 80% in common stock of the Company (154,686 shares or \$3.0 million) and 20% cash (\$750,000). This transaction has been accounted for as a purchase.

Effective as of October 1, 1997, the Company acquired Bron Research, Inc. ("Bron"), a flood certification company headquartered in Austin, Texas. The purchase price paid by the Company for the acquisition was \$9.85 million, paid in 475,702 shares of Company common stock. Bron now operates as Fidelity National Flood, Inc. This transaction has been accounted for as a pooling-of-interests.

On October 9, 1997, the Company acquired the common stock of Credit Reports, Inc. ("CRI"), a credit reporting company headquartered in Scottsdale, Arizona, with operations in California, Colorado, Nevada and Oregon. CRI has been merged with ICS. The purchase price for CRI was \$200,000, payable in 10,414 shares of Company common stock. This transaction has been accounted for as a purchase.

Also on October 9, 1997, the Company acquired the common stock of Express Network, Inc. ("ENI"), a provider of attorney services such as courier, messenger, courthouse filing, process serving, investigation and reprographics. ENI provides services to legal firms in Los Angeles, Orange County, San Diego, Riverside and San Francisco, California. The purchase price for ENI was \$10.55 million; payable in 50% common stock of the Company (274,689 shares or \$5.275 million) and 50% cash (approximately \$5.275 million). Approximately \$2.8 million of the cash portion of the purchase price will be paid in equal installments over a four-year period. This transaction has been accounted for as a purchase.

Note E - Subsequent Events

On October 17, 1997, Fidelity National Financial, Inc., in a private transaction, purchased \$45 million aggregate principal amount at maturity of its outstanding Liquid Yield Option Notes due 2009 (the "LYONs") from Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") for an aggregate purchase price of \$27.2 million (or \$605 per \$1,000 principal amount at maturity of LYONs). The purchase price was paid in the form of 1,152,381 shares of the Company's common stock (the "Exchange Shares"). The Company also paid Merrill Lynch, the excess of a base price of \$23.625 per Exchange Share over the actual sales price (less \$0.05 per share in commissions) realized by Merrill Lynch for sales of up to 502,381 Exchange Shares. The Company also paid Merrill Lynch, for each day, an amount in cash to be determined by multiplying the Net Carry Amount (number of Exchange Shares multiplied by \$23.625) by the Applicable Rate (LIBOR plus 2.50%). The Company's payment obligations were subject to reduction for dividend on Exchange Shares received by Merrill Lynch during the period. The Company paid the foregoing amounts to Merrill Lynch in cash of approximately \$790,000 on November 7, 1997. The purchase of the LYONs increased stockholders' equity by approximately \$24.7 million while reducing outstanding debt by approximately \$24.3 million. Additionally, an extraordinary loss due to the early retirement of debt of approximately \$1.7 million, net of applicable income taxes, will be recorded in the fourth quarter of 1997.

Effective October 23, 1997, the Company sold its small business investment company subsidiary FNF Ventures, Inc., to certain members of FNF Ventures, Inc.'s management. The sale price was \$2.8 million, resulting in a realized gain of approximately \$800,000 before applicable income taxes.

Note F - Recent Accounting Pronouncements

In March 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 128, "Earnings per Share" ("SFAS 128"), effective for fiscal years ending after December 15, 1997. SFAS 128 introduces and requires the presentation of "basic" earnings per share which represents net earnings divided by the weighted average shares outstanding excluding all common stock equivalents. Dual presentation of "diluted" earnings per share, reflecting the dilutive effects of all common stock equivalents, will also be required. The diluted presentation is similar to the current presentation of fully diluted earnings per share. Management has not determined whether the adoption of SFAS 128 will have a material impact on the Company's financial position or results of operations.

In June 1997, the FASB issued Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS 130"). SFAS 130 establishes standards for the reporting and display of comprehensive income and its components (revenue, expenses, gains and losses) in a full set of general-purpose financial statements. SFAS 130 requires all items that are necessary to be recognized under accounting standards as components of comprehensive income to be reported in a

financial statement that is displayed with the same prominence as other financial statements. SFAS 130 does not require a specific format for that financial statement, but requires that an enterprise display an amount representing total comprehensive income for the period covered by that financial statement. SFAS 130 requires an enterprise to (a) classify items of other comprehensive income by their nature in a financial statement and (b) display the accumulated balance of other comprehensive income separately from retained earnings and additional paid-in capital in the equity section of a statement of financial position. SFAS 130 is effective for fiscal years beginning after December 15, 1997. Management has not determined whether the adoption of SFAS 131 will have a material impact on the Company's financial reporting.

In June 1997, the FASB issued Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS 131"). SFAS 131 establishes standards for public business enterprises to report information about operating segments in annual financial statements and requires that those enterprises report selected information about operating segments in interim financial reports issued to stockholders. It also establishes standards for related disclosures about products and services, geographic areas and major customers. This statement supersedes FASB Statement No. 14, "Financial Reporting for Segments of a Business Enterprise," but retains the requirement to report information about major customers. It amends FASB Statement No. 94, "Consolidation of All Majority-Owned Subsidiaries," to remove the special disclosure requirements for previously unconsolidated subsidiaries. SFAS 131 requires, among other items, that a public business enterprise report a measure of segment profit or loss, certain specific revenue and expense items, segment assets, information about the revenues derived from the enterprise's products or services and major customers. SFAS 131 also requires that the enterprise report descriptive information about the way that the operating segments were determined and the products and services provided by the operating segments. SFAS 131 is effective for financial statements for periods beginning after December 15, 1997. In the initial year of application, comparative information for earlier years is to be restated. SFAS 131 need not be applied to interim financial statements in the initial year of its application, but comparative information for interim periods in the initial year of application is to be reported in financial statements for interim periods in the second year of application. Management has not determined whether the adoption of SFAS 131 will have a material impact on the Company's financial reporting.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Total revenue for the third quarter of 1997 increased 19.0% to \$197.9 million from \$166.7 million for the third quarter of 1996. Total revenue for the nine-month period ended September 30, 1997 increased 14.0% to \$529.6 million from \$464.7 million for the comparable 1996 period. The quarter over quarter increase can be attributed to increased title premiums, escrow fees, other fees and revenue and investment income. The increase in title premiums for the quarter and nine-month period ended September 30, 1997 compared to the 1996 period is primarily the result of the Company's expanded presence in agency operations resulting from the Company's acquisition of Nations Title Inc., which closed on April 1, 1996, and favorable market conditions. Additionally, agency premiums were positively impacted by the sale of a majority interest of American Title Company (formerly an underwritten title company subsidiary of the company, to American Title Company Management). The sale of ATC, which was effective July 1, 1997, results in a shift of approximately \$9.6 million of premiums from direct operations to agency operations as ATC is now one of the Company's largest agents.

The following table presents information regarding the components of title premiums (dollars in thousands):

	Three months ended				Nine months ended			
	September 30,		September 30,		September 30,		September 30,	
	1997	% of Total	1996	% of Total	1997	% of Total	1996	% of Total
Title premiums from direct operations	\$ 61,607	43.7%	\$ 58,919	46.5%	\$181,094	47.5%	\$178,982	51.6%
Title premiums from agency operations	79,453	56.3%	67,838	53.5%	200,338	52.5%	167,261	48.4%
Total title premiums	<u>\$141,060</u>	<u>100.0%</u>	<u>\$126,757</u>	<u>100.0%</u>	<u>\$381,432</u>	<u>100.0%</u>	<u>\$346,243</u>	<u>100.0%</u>

The increase in escrow fees and other fees and revenue can be attributed to favorable title order openings and closings in our direct operations which began to trend upward at the end of the first quarter and have remained strong, as well as positive price and transaction trends in the real estate resale market, particularly in California, the nation's largest title insurance market and an area in which the Company has a strong presence. Additionally, the increase in other fees and revenue has been favorably affected by increased contributions made by the Company's title-related services subsidiaries, such as real estate information and technology services, foreclosure publishing and posting, recording services home warranty and exchange intermediary services.

Interest and investment income increased 275.7% to \$13.9 million in the third quarter of 1997 from \$3.7 million in the third quarter of 1996. For the nine-month period ended September 30, 1997, interest and investment income was \$25.8 million, a 116.8% increase over the \$11.9 million of interest and investment income earned in the comparable 1996 period. The increase in interest and investment income earned during the 1997 periods is due to an increase in net realized gains with a slight impact from an increase in the invested asset base compared to the same periods in 1996. Net realized gains from the sale of investments were \$10.4 million in the third quarter of 1997 as compared to net realized gains of \$601,000 in the corresponding 1996 period. Included in the quarter and nine-month periods net realized gains are a gain from the sale of the Company's former home office building of \$4.3 million, a gain from the sale of ATC of \$1.3 million and net gains from the sale of investment securities of \$5.0 million. These amounts are prior to applicable income taxes. Net realized gains for the nine-month periods ended September 30, 1997 and 1996 were \$14.3 million and \$2.6 million, respectively. The Company has shifted the emphasis in its fixed income portfolio from taxable to non-taxable securities during 1997.

The Company's operating expenses consist primarily of personnel costs and other operating expenses which are incurred as title insurance orders are received and processed by the Company's direct operations. Title insurance premiums and escrow fees are recognized as income at the time the underlying real estate transaction closes. As a result, revenue lags approximately 60-90 days behind expenses and therefore gross margins may fluctuate.

Personnel costs include both base salaries and sales commissions (direct operations) paid to employees and are the most significant operating expense incurred by the Company. These costs generally fluctuate with the level of direct orders opened and closed and with the mix of revenue between direct and agency operations. Personnel costs, as a percentage of total revenue, have decreased to 28.8% for the three-month period ended September 30, 1997 compared to 31.7% for the corresponding period in 1996. Personnel costs as a percentage of total revenue for the nine-month period ended September 30, 1997 have decreased to 32.5% from 34.4% for the corresponding 1996 period.

Other operating expenses consist primarily of facilities expenses, title plant maintenance, premium taxes (which insurance underwriters are required to pay on title premiums in lieu of franchise and other state taxes), escrow losses, courier services, computer services, professional services, general insurance, trade and notes receivable allowances and depreciation. Other operating expenses decreased as a percentage of total revenue to 19.2% in the third quarter of 1997 from 22.9% in the third quarter of 1996. As a percentage of total revenue, other operating expenses for the nine-month period ended September 30, 1997 decreased to 22.5% from 23.8% for the same period in 1996.

The Company previously implemented and remains committed to aggressive cost control programs which will help maintain operating expense levels consistent with the levels of title-related revenue production; however, certain fixed costs are incurred regardless of revenue levels, resulting in period over period fluctuations.

The period over period fluctuations in personnel costs and other operating expenses are primarily the result of the fluctuations in total revenue, as well as the changes in the direct operation and agency operation title premium mix.

The addition of Nations Title Inc. title premiums, which are primarily agency related, has provided a balance between direct operations and agency operations revenue. Additionally, the sale of ATC has shifted costs from personnel costs and other operating expenses to agent commissions.

Agent commissions represent the portion of policy premiums retained by agents pursuant to the terms of their respective agency contracts. Agent commissions were 79.7% of agent policy premiums in the third quarter of 1997 compared to 78.8% of agency policy premiums in the third quarter of 1996. The fluctuation in the third quarter of 1997 compared to the third quarter of 1996 is due to the conversion of ATC to an agency operation and the related increase in commission expense. Agent commissions were 78.8% of agency policy premiums in the first nine months of 1997 compared to 78.6% in the first nine months of 1996. Agent commissions and the resulting percentage of agency premiums retained by the Company varies according to regional differences in real estate closing practices and state regulations.

The provision for claim losses includes an estimate of anticipated title claims and major claims. The estimate of anticipated title claims is accrued as a percentage of title premium revenue based on the Company's historical loss experience and other relevant factors. The Company monitors its claims experience on a continual basis and adjusts the provision for claim losses accordingly. The Company believes that as a result of its underwriting and claims handling practices, as well as the refinancing business of prior years, the Company will maintain a trend of favorable claim loss experience. The Company has provided for claim losses at 7.0% of title insurance premiums prior to the impact of major claims expense, recoupments

and the impact of certain state promulgated title premium rates. Application of these factors resulted in a net provision for claim losses as a percentage of premiums of 7.1% and 7.3% for the three month periods ended September 30, 1997 and 1996, respectively, and 6.8% and 7.2% for the nine-month periods ended September 30, 1997 and 1996, respectively.

Interest expense is incurred by the Company in financing its capital asset purchases and certain acquisitions. Interest expense consists of interest related to the Company's outstanding debt and the amortization of original issue discount and debt issuance costs related to the Liquid Yield Option Notes ("LYONs"). Interest expense of "non-LYONs" debt totaled \$1.0 million and \$1.0 million for the three-month periods ended September 30, 1997 and 1996, respectively; and \$3.1 million and \$3.0 million for the nine-month periods ended September 30, 1997 and 1996, respectively. The LYONs related component of interest expenses amounted to \$1.4 million for the third quarter of 1997 and \$1.3 million for the third quarter of 1996; and \$4.1 million and \$3.9 million for the nine-month periods ended September 30, 1997 and 1996, respectively. Interest rates being paid by the Company on certain "non-LYONs" debt in 1997 are lower than those paid in 1996 as a result of decreases in certain rates (e.g., LIBOR) to which certain of the interest rates being paid by the Company are indexed.

Income tax expense for the three-month periods ended September 30, 1997 and 1996, as a percentage of earnings before income taxes was 41.9% and 40.5%, respectively. Income tax expense for the nine-month periods ended September 30, 1997 and 1996 was 41.0% and 40.0%, respectively. The fluctuations in income tax expense as a percentage of earnings before income taxes are attributable to the characteristics of net income, i.e., operating income versus investment income; and the components of investment income, taxable versus non-taxable.

Liquidity and Capital Resources

The Company's insurance subsidiaries and wholly-owned underwritten title companies collect premiums and pay claims and operating expenses. Fluctuations in operating cash flows are primarily the result of increases or decreases in revenue. The insurance subsidiaries also have cash flow sources derived from investment income, repayments of principal and proceeds from sales and maturities of investments and dividends and distributions from subsidiaries. Positive cash flow from the insurance subsidiaries is invested primarily in short-term investments, medium-term bonds and certain equity securities. Cash, cash equivalents and short-term investments held by the Company's insurance subsidiaries and underwritten title companies ("UTCs") provide liquidity for projected claims and operating expenses.

The Company's cash requirements include debt service, operating expenses, taxes and dividends on its common stock. As a holding company, the Company receives cash from its subsidiaries as reimbursement for operating and other administrative expenses it incurs. The reimbursements are executed within the guidelines of various management agreements between the holding company and its subsidiaries. The Company also receives funds from dividend distributions from its insurance subsidiaries and UTCs. The insurance subsidiaries and UTCs are restricted by state regulations in their ability to pay dividends and make distributions. Each state of domicile regulates the extent to which the Company's title underwriters and UTCs can pay dividends or make other distributions to the Company. The Company believes that all anticipated cash requirements for current operations will be met from internally generated funds and short-term bank borrowings through existing credit facilities.

The short- and long-term liquidity requirements of the Company and its subsidiaries are monitored regularly to match cash inflows with cash requirements. The Company and subsidiaries forecast their daily cash needs and periodically review their short- and long-term projected sources and uses of funds, as well as the asset, liability, investment and cash flow assumptions underlying these projections.

Part II: OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

Exhibit 11 Computation of Primary and Fully Diluted Earnings Per Share

(b) Reports on Form 8-K:

Form 8-K dated September 23, 1997 - Fidelity National Financial, Inc. Announces Management Changes

Form 8-K dated November 3, 1997 - Fidelity National Financial, Inc. Announces Purchase of its Liquid Yield Option Notes due 2009 for \$27.2 Million

Form 8-K dated November 5, 1997 - Combined Revenue and Net Earnings for Fidelity National Financial, Inc. and Iron Research, Inc.

EXHIBIT 11

**FIDELITY NATIONAL FINANCIAL, INC. AND SUBSIDIARIES
COMPUTATION OF PRIMARY AND FULLY DILUTED
EARNINGS PER SHARE**

(in thousands, except per share amounts)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	1997	1996	1997	1996
	(Unaudited)		(Unaudited)	
Primary net earnings	\$15,857	\$ 6,317	\$27,985	\$18,408
Add: Amortization of original issue discount and debt issuance costs, net of income tax effect, applicable to LYONs	<u>818</u>	<u>785</u>	<u>2,432</u>	<u>2,322</u>
Fully diluted earnings	<u>\$16,675</u>	<u>\$ 7,102</u>	<u>\$30,417</u>	<u>\$20,730</u>
Weighted average shares outstanding during the period	14,019	13,724	13,928	13,644
Common stock equivalent shares - primary	<u>980</u>	<u>597</u>	<u>764</u>	<u>605</u>
Common and common stock equivalent shares for purpose of calculating primary earnings per share	14,999	14,321	14,692	14,249
Incremental shares to reflect full dilution	<u>4,545</u>	<u>4,396</u>	<u>4,718</u>	<u>4,394</u>
Total shares for purpose of calculating fully diluted earnings per share	<u>19,544</u>	<u>18,717</u>	<u>19,410</u>	<u>18,643</u>
Primary earnings per share	<u>\$ 1.06</u>	<u>\$.44</u>	<u>\$ 1.90</u>	<u>\$ 1.29</u>
Fully diluted earnings per share	<u>\$.85</u>	<u>\$.38</u>	<u>\$ 1.57</u>	<u>\$ 1.11</u>

MANAGEMENT INFORMATION

MARK ATTAWAY

EXPERIENCE

Computer Operations from 1982 to 1983 running IBM 3090 mainframes. Managed a group of 12 computer operators and analyst. 1983 to 1985 was database administrator of some of the largest databases in the country running IDMS and DB2 DBMS. In 1985, along with 2 other partners started a software development company, ACS Systems, Inc., developing escrow software for PCs. We developed one of the first multi-user escrow applications and the first to utilize laser printer technology. Sold the software company to Fidelity National Title in 1994. 1994 to present, Co-President of ACS Systems, Inc. Manage three vice presidents in charge of Asset Management and Telecommunications, Sales and Marketing, and Software Support and Installation.

EMPLOYMENT

4/84 to Present

ACS Systems, Inc., - Santa Ana, CA
Co-President
Manage the Asset Management and Telecommunication department, Software Sales and Marketing department and the Software Support and Installation department. ACS Systems, Inc. has approximately 100 full time workers and has revenues in excess of \$12,000,000.00 annually.

1/86 to 4/94

ACS Systems, Inc., - Costa Mesa CA
Partner
Responsible for software development of escrow and title applications.

4/82 to 1/86

Pacific Bell, Inc., - Irvine, CA
Database Administrator
Operations responsibility for some of the largest IDMS and DB2 database system in the country. Responsibilities included backup, tuning, recovery and design. One of the systems being managed had approximately 5,000 online users.

EDUCATION

California Polytechnic University at Pomona
Pomona, CA
Bachelors in Science in Business Administration with a major in Business Management

ERNEST L. ELLIS
222 NORTH SEPULVEDA BOULEVARD
SUITE 2000
EL SEGUNDO, CA 90245

EXECUTIVE SUMMARY

- Directly responsible for planning, developing and implementing telecommunications business strategies
- Successfully developed sales programs in the retail, large national account, independent agent, wholesale and carrier markets
- Responsible for the effectiveness of all functional departments of the company, to include "bottom line" profitability
- Additional responsibilities include, but not limited to: Forecasting, budgeting, purchasing, contract negotiation, hiring/staffing, and marketing/public relations

EMPLOYMENT HISTORY

- January 1998 - Present; Vice President - Telecommunications Division
ACS SYSTEMS, INC.; Santa Ana, California
- July 1997 - December 1997; Chief Operating Officer
CONNECTED INTERNATIONAL, LLC, Carson, California
- January 1996 - June 1997, Vice President - Western Region
ATLAS COMMUNICATIONS, LTD.; Blue Bell, Pennsylvania
- January 1993 - May 1995; Director of Wholesale Services
WCT COMMUNICATIONS, INC.; Santa Barbara, California
- June 1990 - December 1992; Vice President Sales and Marketing
GSI COMMUNICATIONS, INC.; El Segundo, California

EDUCATION

- University of Louisville, Bachelor of Science - Marketing, August 1986
- University of Louisville, Associate of Applied Science - Production Management, May 1985

ACHEIVEMENTS

- United States Army (Reserve); Captain: Ordnance Corps
- Graduate: United States Army Ordnance School of Management, February 1987
- Named Outstanding Young Man of America, 1986

Lance J.M. Steinhart
Attorney At Law
6455 East Johns Crossing
Suite 285
Duluth, Georgia 30097

DEPOSIT DATE
D6 87 4 **JAN 13 1998**

Also Admitted in New York
and Maryland

Telephone (770) 232 9200
Facsimile (770) 232 9208

January 10, 1998

VIA OVERNIGHT DELIVERY

Florida Public Service Commission
Division of Administration
2540 Shumard Oak Blvd.
Gunter Bldg.
Tallahassee, Florida 32399-0850

181165 TI

Re: ACS Systems, Inc.

Dear Sir/Madam:

Enclosed please find one original and twelve (12) copies of ACS Systems, Inc.'s Application for Authority to Provide Interexchange Telecommunications Service Within the State of Florida, along with an original and twelve (12) copies of ACS Systems, Inc.'s proposed tariff.

ACS Systems, Inc. has sufficient financial capability to provide the requested service in the State of Florida and has sufficient financial capability to maintain the requested service and to meet its lease or ownership obligations. In support of ACS Systems, Inc.'s stated financial capability, attached to its application is a copy of the Applicant's recent company's (Fidelity

ACS Systems, INC.
2510 Redhill Ave. Ste. 220
Santa Ana, CA 92705

CITIZENS DELAWARE
1000 PENNS WAY
NEW CASTLE, DE 19720

34503141

62-20/311



Pay

DATE	AMOUNT
01/09/98	*****250.00

TWO HUNDRED FIFTY AND 00/100 *****

11-11-98

TO
THE
ORDER
OF

**FLORIDA PUBLIC SERVICE
COMMISSION**

Handwritten signature

