

# **ATTACHMENT 1**

**MCI, Inc., et. al., v. Outside Connection, Inc.,  
Case No. 02/13533,  
Chapter 11 Adversary Proceeding No. 02/8092A (AJG),**

**Affidavit of Stephen D. Viefhaus**

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

Hearing Date: Sept. 27, 2002  
12:30 p.m.

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In re: :

WORLDCOM, INC., et al., :

Debtors. :

Chapter 11  
Case No. 02/13533 (AJG)  
(Jointly Administered)

:  
: **AFFIDAVIT OF**  
: **STEPHEN D. VIEFHAUS**  
:  
: X

STATE OF MISSOURI )

) ss.

COUNTY OF ST. CHARLES )

**Background**

1. I am the Operations Manager, State Government Division at WorldCom, Inc. I have held that position since November 2001.

2. I submit this affidavit in opposition to Outside Connection, Inc.'s ("OC") application for injunctive relief and for relief from of the stay provisions of Section 362 of the Bankruptcy Code. I have knowledge of the facts and circumstances set forth herein.

3. As part of my duties as Operations Manager, I was involved in the negotiation and drafting of the contract between MCI WORLDCOM Communications, Inc. ("WorldCom") and New York State Department of Corrections ("DOCS"), contract number X-160812 (the "Contract") as well as responsible for service and support of WorldCom's DOCS customer base.

**WorldCom's Duties and Obligations Under the Contract**

4. Starting in August 2000, WorldCom competed for the opportunity to provide a secure inmate telephone system ("Inmate Call Home Telephone Service") for DOCS.

5. On August 1, 2001, WorldCom's bid was accepted and WorldCom entered into an exclusive 5-7 year contract with DOCS regarding the Inmate Call Home Telephone Service. Because of its size, a separate copy of the Contract will be submitted to the Court as Exhibit A at the time of the hearing.

6. Under the Contract, WorldCom provides DOCS with a secure phone system for DOCS inmates, allowing inmates to place collect-only telephone calls to their family and friends. WorldCom assumes all responsibility for billing and collection of all completed calls. WorldCom pays DOCS a fee each month in the form of revenue commissions checks for each of the accepted, completed calls processed.

7. Under the Contract, WorldCom has strict requirements regarding the security of the phone system and the calls made thereon. For example, WorldCom may not permit inmates to receive an incoming call or to place calls to persons who are not on the DOCS-approved, allowed call list, such as judges or the inmates' victims.

8. Pursuant to Section 1.8 of the Contract, WorldCom is charged with the responsibility of ensuring that the inmate telephone lines are secure and that calls are tracked and monitored to ensure the following:

- Inmate calls are not allowed between the hours 11:00 p.m. and 7:00 a.m.
- Each inmate is assigned a PIN number and may make calls only to a limited list of up to 15 telephone numbers, which must be pre-approved and verified by DOCS.
- Each call may only have a maximum duration of 30 minutes.
- In an attempt to reduce harassment calls, if six call attempts (tracked by inmate PIN) are not accepted by the called party, between 7:00 a.m. to 11:00 p.m., that PIN is blocked from calling the number until the following morning.

9. To ensure the security of the telephone system, Section 3.10 (K) additionally requires the following from WorldCom:

- That for each call placed through the Inmate Call Home Telephone Service, WorldCom's service be identified as being a call originating from a correctional facility with the accompanying inmate name.
- That each call only be delivered to the called party as a 0+, collect call only. WorldCom shall not allow inmates to place calls 800, 900, information, or operator call options.
- That Worldcom provide DOCS a detailed flowchart diagram of the entire inmate call process from the moment an inmate picks up the receiver to the disconnect or completion of the call. A copy of Worldcom's flow chart is attached as Exhibit B.

10. Under the Contract, WorldCom assumes all responsibility for billing and collection of all completed calls.

11. Under Section 2.17 of the Contract, WorldCom "shall have the right to terminate or temporarily block calls placed to individuals who refuse to pay their bills, are attempting to defraud WorldCom, or otherwise avoid financial accountability for collect calls accepted."

#### **Blocking Procedures Under the Contract**

12. In accordance with Section 2.17, WorldCom's High Toll Fraud Program ("HTF") is used to address blocking, fraud, and non-payment of calls. The primary purpose of WorldCom's HTF program is to provide quality service while protecting the customer, DOCS and WorldCom from fraudulent usage of its network. Customers benefit from this process in several ways. It provides protection from unauthorized charges, and from the growing problem of identity theft (i.e., a person fraudulently establishing an account using someone else's identity.) In addition, fraud drives the cost of service higher for all consumers. Consequently, fraud prevention programs, such as WorldCom's HTF Program, help to keep rates lower.

13. Section 2.17 of the Contract explicitly states that among the HTF situations leading to a block being placed includes circumstances when "WorldCom does not have a billing arrangement in place with the local service provider, or BNA [billing name and address] information is not available and cannot be confirmed through direct contact."

14. Under Section 2.16 of the Contract, DOCS has the right “to unilaterally and immediately terminate the agreement and seek a replacement provider” if WorldCom breaches its obligations under the Contract and fails to correct the breach with ten days after receipt of written notice.

15. Section 2.15 of the Contract requires WorldCom to pay all attorneys fees for DOCS in the event that legal action is taken against DOCS pertaining to the Contract.

16. Under WorldCom’s Contract, among the HTF situations leading to a block being placed includes instances where WorldCom does not have a billing arrangement in place with the Local Exchange Carrier (“LEC”) or does not have the billing name and address (“BNA”) and cannot confirm the BNA by direct contact.

17. In addition, with respect to inmate calling systems such as the one at issue here, WorldCom blocks calls for purposes of maintaining security over the line. For instance, each inmate is limited to 15 numbers to which he may place a collect call. Each of these numbers must be pre-approved and verified by DOCS. WorldCom’s blocking system does not allow inmates to call numbers other than those 15.

18. Most importantly, WorldCom is required to block all lines that DOCS mandates should be blocked.

**OC’s Remote Call Forwarding Presents a Security Risk**

19. OC is a remote call forwarding company. It provides a service to allow inmates, whose friends or family members are OC subscribers, to place collect calls to a local number, which are then remotely redirected to another location.

20. Unlike WorldCom, OC did not compete for the opportunity to be the exclusive provider of the Inmate Call Home Telephone Services.

21. WorldCom attempted to work with OC to resolve this matter and, indeed, spoke with OC representatives on several occasions. Further, WorldCom proposed a billing arrangement for calls for which WorldCom could not identify the customer and/or for which it could not bill the LEC. OC refused to accept such a billing arrangement and insisted that it bill its customers without identifying that such calls were handled by WorldCom. WorldCom was concerned that such a practice might violate the truth-in-billing laws.

22. WorldCom, on numerous occasions, explained to OC that, even if they were able to resolve the billing issue for these blocked lines, the blocks must remain due to security concerns and WorldCom's obligations under its Contract with DOCS.

23. Due to the remote forwarding nature of OC subscriber calls, calls placed on OC lines cannot be properly tracked or monitored by WorldCom/DOCS. WorldCom and DOCS have no way of knowing whether the calls forwarded are calls that are on the inmate's pre-approved list.

24. In fact, DOCS has explicitly requested WorldCom to continue its blocking pursuant to its HTF program and to maintain the blocks on the OC lines in issue for a variety of security reasons. Specifically, in a letter dated September 24, 2002, Anthony J. Annucci, Deputy Commissioner and Counsel for DOCS, notified WorldCom and counsel for OC that:

The Department has determined that the system utilized by Outside Connections to provide local telephone numbers for individuals at distant locations presents serious security problems and violates the rules and regulations to the inmate telephone system and the standards of inmate behavior. This includes but is not limited to the prohibition on call forwarding, third-party phone calls and other means of redirecting telephone calls. In short, the re-directing of telephone calls from a local telephone number to a distant location may endanger the safety, security, good order or well being of the facility, Department employees or other persons.

A copy of the September 24 letter is attached as Exhibit C.

25. Thus, OC's subscriber calls not only places WorldCom in risk of breaching its Contract with DOCS but jeopardizes the integrity and security of the WorldCom/DOCS secure Inmate Call Home Telephone Service.

WHEREFORE, I pray that the Court denies OC's application in its entirety.

/s/ Stephen D. Viefhaus  
Stephen D. Viefhaus

Sworn to before me  
This 26 day of September 2002

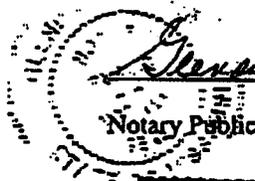
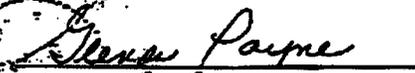
/s/ Glenda Payne  
Notary Public

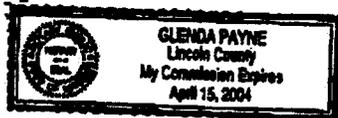
Glenda Payne  
Lincoln County  
My Commission Expires  
April 15, 2004

WHEREFORE, I request that the Court denies OC's request for emergency relief in its entirety.

  
Stephen D. Viefhaus

Sworn to before me  
this 26 day of September 2002

  
  
GLENDA PAYNE  
Notary Public

  
GLENDA PAYNE  
Lincoln County  
My Commission Expires  
April 15, 2004