

Exhibit G

EXHIBIT G

Reply to QAI Correspondence of March 26, 2001

PERRY, PERRY & PERRY

STEWART R. PERRY
SHAWN M. PERRY
SHANE C. PERRY

ATTORNEYS AT LAW
SUITE 270, PARKDALE 1
5401 GAMBLE DRIVE
MINNEAPOLIS, MINNESOTA 55416
TELEPHONE: (952) 546-3555
FACSIMILE: (952) 546-3855
E-MAIL: shawnperry@perryperyperry.com

LEGAL ASSISTANT:
JEROME L. JAYNES

WRITER'S DIRECT DIAL NO.
(952) 546-3845

April 6, 2001

VIA FACSIMILE AND MAIL

Jeffrey W. Ogren, Esq.
Bochetto & Lentz, PC
1524 Locust Street
Philadelphia, PA 19102

Re: Inmark, Inc.
Protel Advantage, Inc.
LoTel, Inc.

Dear Mr. Ogren:

We have conducted an investigation and consulted my Client's regulatory counsel regarding the USF issue that you and I have been discussing this week.

On March 26, 2001 Christine Cotton sent a letter to my Clients stating that they had to sign a Universal Connectivity Charge Exemption Certification attached to her letter. Regulatory counsel has advised that this is an attempt to improperly shift the obligation to submit FCC Forms 499S and 499A to the USAC and to pay the associated obligations from QAI to my Clients. (See, e.g., Instructions for FCC Form 499A.) Accordingly, my Clients have been advised by regulatory counsel to decline the invitation to sign the Certifications.

After consulting with USAC and regulatory counsel, it is clear that the USAC Statement of Account sent to LoTel¹ in care of QAI dated March 21, 2001 is for obligations arising from the FCC Form 499S for the period January 1, 2000 to June 30, 2000. The report was prepared for LoTel by QAI. Since QAI passed through the anticipated cost of the USF obligation to the end-user customers and collected the proceeds from the customers for the year 2000, it is obligated to pay the USF obligations billed in 2001. Likewise, for any customers QAI continues to bill, it is obligated to report and pay the USF obligation.

¹Inmark and Protel have not received similar letters from Ms. Cotton or invoices from USAC.

April 6, 2001

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QAI's responsibility to report and pay should be no surprise because QAI has previously acknowledged its responsibility in a letter dated August 21, 2000. In referring to its obligation to pay USF billings arising from the 499S filed in September 2000 QAI stated: "Since we [QAI] are collecting the USF revenue, we will continue to pay the USF bills." This admission together with other legal equitable principles makes it clear that QAI is responsible for the payment and reporting for the periods in which it billed and/or collected revenue from the customers.

As stated in my April 4 and 5, 2001 letters to you, on behalf of all of my Clients, we expect that QAI will do the following:

1. File FCC Form 499A for January 1, 2000 through the date QAI stopped collecting revenue from customers transferred to my Clients in mid-December 2000.
2. File FCC Form 499A (due on April 2, 2001) for any end-user customers billed under the Inmark, Protel and LoTel brands for customers that were not transferred to Northstar, continue to file future reports and make future payments for such customers.
3. Pay all USAC invoices that are attributable to the FCC Forms 499S filed in September 2000.
4. Pay all USAC invoices that are attributable to the filing of FCC Forms 499A that were due on April 2, 2001.
5. File all reports and pay all obligations for the TRS, LNP and NANP to the extent they are not covered by items 1-4 above for the periods in which QAI was and is billing the customers.

My Clients will file reports and pay the obligations from the time they began billing the customers.

I will be on vacation next week. If there are any issues that arise related to this letter when I am on vacation, you may contact Patrick Crocker, Regulatory Counsel for my Clients at the following address and telephone number:

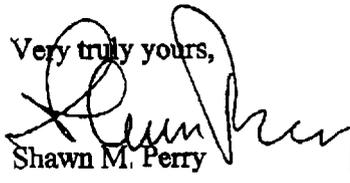
Early Lennon Crocker & Bartosiewicz
151 South Rose Street
Suite 900
Kalamazoo, MI 49007
(616) 381-8844

As requested in my letters of April 4 and 5, 2001, please confirm that QAI will make the forgoing payments and regulatory filings.

April 6, 2001

Page 3

Very truly yours,



Shawn M. Perry

SMP/ma

Encl.

cc: Jeffrey Tibbets, Esq. (via facsimile 202-973-2891)
Patrick Crocker, Esq. (via facsimile 616-349-8525)
Clients

PS. After this letter was prepared, but before it was faxed we spoke and you faxed me the revenue data this afternoon. I want to make it clear that our final position is set forth in this letter.

Exhibit H

EXHIBIT H

Petitioner's 2001 Form 499-A

2001 FCC Form 499-A Telecommunications Reporting Worksheet

Approval by OMB
3060-0855

>>> Please read instructions before completing. <<<

Annual Filing -- due April 1.

Block 1: Contributor Identification Information

During the year, carriers must refile Blocks 1, 2 and 6 if there are any changes in Lines 104 or 112. See Instructions.

101 Filer 499 ID [If you don't know your number, contact the administrator at (973)-560-4400. If you are a new filer, leave blank and a Filer 499 ID will be assigned to you.]		814681
102 Legal name of reporting entity		Inmark, Inc. d/b/a Preferred Billing
103 IRS employer identification number		41-1807097
104 Name telecommunications service provider is doing business as		Preferred Billing
105 Principal communications business [Check the one that best describes the reporting entity -- see directions. Check one box only.]		
<input type="checkbox"/> CAP/CLEC	<input type="checkbox"/> Cellular/PCS/SMR (wireless telephony incl. by resale)	<input type="checkbox"/> Incumbent LEC
<input type="checkbox"/> Local Reseller	<input type="checkbox"/> Operator Service Provider (OSP)	<input type="checkbox"/> Paging & Messaging
<input type="checkbox"/> Prepaid Card	<input type="checkbox"/> Private Service Provider	<input type="checkbox"/> Satellite
<input type="checkbox"/> Shared-Tenant Service Provider	<input type="checkbox"/> SMR (dispatch)	<input checked="" type="checkbox"/> Toll Reseller
<input type="checkbox"/> Other Local, Other Mobile or Other Toll is checked, describe carrier type / services provided:	<input type="checkbox"/> Other Local	<input type="checkbox"/> Other Mobile
<input type="checkbox"/> Interexchange Carrier (IXC)		
<input type="checkbox"/> Payphone Service Provider		
<input type="checkbox"/> Wireless Data		
<input type="checkbox"/> Other Toll		
106 Holding company (All affiliated companies should show same name here)		
107 FCC Registration Number (FRN) [https://gulfoss2.fcc.gov/cores/CoresHome.html] [For assistance, contact the CORES help desk at 877-480-3201 or CORES@fcc.gov]		
108 Management company [if carrier is managed by another entity]		
109 Complete mailing address of reporting entity's corporate headquarters		Inmark, Inc. d/b/a Preferred Billing 1711 W. County Road B, Suite 330N Roseville, MN 55113
110 Complete business address for customer inquiries and complaints [if different from address entered on Line 109]		
111 Telephone number for customer inquiries and complaints [Toll-free number if available]		(800) 757-7106
112 All trade names that you have used in the past 3 years in providing telecommunications services. This should include all names by which you are identified on customer bills.		g
a	Preferred Billing	h
b		i
c		j
d		k
e		l
f		m

Use an additional sheet if necessary. Each reporting entity must provide all names used for carrier activities.

PERSONS MAKING WILLFULLY FALSE STATEMENTS IN THE WORKSHEET CAN BE PUNISHED BY FINE OR IMPRISONMENT UNDER TITLE 18 OF THE UNITED STATES CODE, 18 U.S.C. §1001

2001 FCC Form 499-A Telecommunications Reporting Worksheet

Block 2-A: Personal Contact Information

201 Filer 499 ID [from Line 101]	814681
202 Legal name of reporting entity [from Line 102]	Inmark, Inc. d/b/a Preferred Billing
203 Person who completed this worksheet	Patrick D. Crocker, Attorney at Law
204 Telephone number of this person	(616) 381-8844
205 Fax number of this person	(616) 489-8525
206 E-mail of this person	telecomgroup@earlylennon.com
207 Corporate office, attn. name, and mailing address to which future Telecommunications Reporting Worksheets should be sent	Patrick D. Crocker, Attorney 900 Comerica Bldg. Kalamazoo, MI 49007
208 Billing address and billing contact person: [Plan administrators will send bills for contributions to this address. Please attach a written request for alternative billing arrangements.]	Patrick D. Crocker, Attorney 900 Comerica Bldg. Kalamazoo, MI 49007

Block 2-B: Agent for Service of Process

All carriers must complete Lines 209 through 213

During the year, carriers must refile Blocks 1, 2 and 6 if there are any changes in this section. See Instructions.

209 D.C. Agent for Service of Process per 47 U.S.C 413	CT Corporation Systems
210 Telephone number of D.C. agent	(202) 393-1747
211 Fax number of D.C. agent	(202) 393-1760
212 E-mail of D.C. agent	
213 Complete business address of D.C. agent for hand service of documents	1025 Vermont Ave., NW Washington, DC 20005
214 Alternate Agent for Service of Process (optional)	Patrick D. Crocker, Attorney
215 Telephone number of alternate agent	(616) 381-8844
216 Fax number of alternate agent	(616) 349-8525
217 E-mail of alternate agent	telecomgroup@earlylennon.com
218 Complete business address of alternate agent for hand service of documents	900 Comerica Bldg. Kalamazoo, MI 49007

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2001 FCC Form 499-A Telecommunications Reporting Worksheet

Block 2-C: FCC Registration Information:

Carriers that provide interstate service must complete Lines 219 through 225
 During the year, carriers must refile Blocks 1, 2 and 6 if there are any changes in this section. See instructions.

219 Chief Executive Officer (or, a similar senior-level official if the filing entity does not have such a position)	Jim Holmquist
220 Business address of individual named above	check if same as Line 109 <input checked="" type="checkbox"/>
221 Chairman (or, a similar senior-level official if the filing entity does not have such a position or if the Chairman also is listed on Line 219)	
222 Business address of individual named above	check if same as Line 109 <input type="checkbox"/>
223 President (or, a similar senior-level official if the filing entity does not have such a position or if the President also is listed on Line 219 or on Line 221)	Willie Gray
224 Business address of individual named above	check if same as Line 109 <input checked="" type="checkbox"/>

225 Indicate in which jurisdictions the filing entity provides telecommunications services. Include jurisdictions in which service was provided in the past 15 months and jurisdictions in which service is likely to be provided in the next 12 months.

- | | | |
|--|---|--|
| <input type="checkbox"/> Alabama | <input checked="" type="checkbox"/> Kentucky | <input checked="" type="checkbox"/> Ohio |
| <input type="checkbox"/> Alaska | <input checked="" type="checkbox"/> Louisiana | <input type="checkbox"/> Oklahoma |
| <input type="checkbox"/> American Samoa | <input type="checkbox"/> Maine | <input checked="" type="checkbox"/> Oregon |
| <input checked="" type="checkbox"/> Arizona | <input type="checkbox"/> Maryland | <input checked="" type="checkbox"/> Pennsylvania |
| <input type="checkbox"/> Arkansas | <input checked="" type="checkbox"/> Massachusetts | <input type="checkbox"/> Puerto Rico |
| <input checked="" type="checkbox"/> California | <input checked="" type="checkbox"/> Michigan | <input type="checkbox"/> Rhode Island |
| <input checked="" type="checkbox"/> Colorado | <input type="checkbox"/> Midway Atoll | <input checked="" type="checkbox"/> South Carolina |
| <input type="checkbox"/> Connecticut | <input type="checkbox"/> Minnesota | <input checked="" type="checkbox"/> South Dakota |
| <input type="checkbox"/> Delaware | <input checked="" type="checkbox"/> Mississippi | <input type="checkbox"/> Tennessee |
| <input type="checkbox"/> District of Columbia | <input type="checkbox"/> Missouri | <input checked="" type="checkbox"/> Texas |
| <input checked="" type="checkbox"/> Florida | <input checked="" type="checkbox"/> Montana | <input checked="" type="checkbox"/> Utah |
| <input type="checkbox"/> Georgia | <input type="checkbox"/> Nebraska | <input type="checkbox"/> U.S. Virgin Islands |
| <input type="checkbox"/> Guam | <input type="checkbox"/> Nevada | <input type="checkbox"/> Vermont |
| <input type="checkbox"/> Hawaii | <input type="checkbox"/> New Hampshire | <input checked="" type="checkbox"/> Virginia |
| <input type="checkbox"/> Idaho | <input checked="" type="checkbox"/> New Jersey | <input type="checkbox"/> Wake Island |
| <input checked="" type="checkbox"/> Illinois | <input type="checkbox"/> New Mexico | <input checked="" type="checkbox"/> Washington |
| <input checked="" type="checkbox"/> Indiana | <input checked="" type="checkbox"/> New York | <input type="checkbox"/> West Virginia |
| <input checked="" type="checkbox"/> Iowa | <input type="checkbox"/> North Carolina | <input checked="" type="checkbox"/> Wisconsin |
| <input type="checkbox"/> Johnston Atoll | <input checked="" type="checkbox"/> North Dakota | <input checked="" type="checkbox"/> Wyoming |
| <input type="checkbox"/> Kansas | <input type="checkbox"/> Northern Mariana Islands | |

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2001 FCC Form 499-A Telecommunications Reporting Worksheet

Block 3: Carrier's Carrier Revenue Information

301 Filer 499 ID [from Line 101]	814861				
302 Legal name of reporting entity [from Line 102]	Inmark, Inc. d/b/a Preferred Billing				
Report billed revenues for January 1 through December 31, 2000 Do not report any negative numbers. Dollar amounts may be rounded to the nearest thousand dollars. However, report all amounts as whole dollars. See instructions regarding percent interstate & international.	Total Revenues (a)	If breakouts are not book amounts, enter whole percentage estimates		Breakouts	
		Interstate (b)	International (c)	Interstate Revenues (d)	International Revenues (e)
Revenues from Services Provided for Resale by Other Contributors to Federal Universal Service Support Mechanisms					
<i>Fixed local service</i>					
303 Monthly service, local calling, connection charges, vertical features, and other local exchange service including subscriber line and PICC charges to IXCs					
a Provided as unbundled network elements					
b Provided under other arrangements					
304 Per-minute charges for originating or terminating calls					
a Provided under state or federal access tariff					
b Provided as unbundled network elements or other contract arrangement					
305 Local private line & special access					
306 Payphone compensation from toll carriers					
307 Other local telecommunications service revenues					
308 Universal service support revenues received from Federal or state sources					
<i>Mobile services (including wireless telephony, paging & messaging, and other mobile services)</i>					
309 Monthly, activation, and message charges except toll					
<i>Toll services</i>					
310 Operator and toll calls with alternative billing arrangements (credit card, collect, international call-back, etc.)					
311 Ordinary long distance (direct-dialed MTS, customer toll-free 800/888 service, "10-10" calls, associated monthly account maintenance, PICC pass-through, and other switched services not reported above)					
312 Long distance private line services					
313 Satellite services					
314 All other long distance services					

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Block 4: End-User and Non-Telecommunications Revenues Information

401 Filer 499 ID [from Line 101]	814861				
402 Legal name of reporting entity [from Line 102]	Inmark, Inc. d/b/a Preferred Billing				
Report billed revenues for January 1 through December 31, 2000 Do not report any negative numbers. Dollar amounts may be rounded to the nearest thousand dollars. However, report all amounts as whole dollars. See instructions regarding percent interstate & international.	Total Revenues	If breakouts are not book amounts, enter whole percentage estimates		Breakouts	
		Interstate	International	Interstate Revenues	International Revenues
Revenues From All Other Sources (end-user telecom. & non-telecom.)	(a)	(b)	(c)	(d)	(e)
403 Surcharges or other amounts on bills identified as recovering State or Federal universal service contributions					
<i>Fixed local services</i>					
404 Monthly service, local calling, connection charges, vertical features, and other local exchange service charges except for federally tariffed subscriber line charges and PICC charges					
405 PICC charges levied by a local exchange carrier on a no-PICC customer and Tariffed subscriber line charges					
406 Local private line and special access service					
407 Payphone coin revenues					
408 Other local telecommunications service revenues					
<i>Mobile services (including wireless telephony, paging & messaging, and other mobile services)</i>					
409 Monthly and activation charges					
410 Message charges including roaming, but excluding toll charges					
<i>Toll services</i>					
411 Prepaid calling card (including card sales to customers and non-carrier distributors) reported at face value of cards					
412 International calls that both originate and terminate in foreign points		0%	100%		
413 Operator and toll calls with alternative billing arrangements (credit card, collect, international call-back, etc.) other than revenues reported on Line 412					
414 Ordinary long distance (direct-dialed MTS, customer toll-free 800/888 service, "10-10" calls, associated monthly account maintenance, PICC pass-through, and other switched services not reported above)					
415 Long distance private line services					
416 Satellite services					
417 All other long distance services					
418 Enhanced services, inside wiring maintenance, billing and collection, customer premises equipment, published directory, dark fiber, Internet access, cable TV program transmission, and non-telecommunications service revenues (see instructions)					
419 Gross billed revenues from all sources [incl. reseller & non-telecom.] [Lines 303 through 314 plus Lines 403 through 418]	SEE ADDENDUM ATTACHED AND INCORPORATED HEREIN				
420 Universal service contribution bases [Lines 403 through 411 & Lines 413 through 417]	SEE ADDENDUM ATTACHED AND INCORPORATED HEREIN				

PERSONS MAKING WILLFULLY FALSE STATEMENTS IN THE WORKSHEET CAN BE PUNISHED BY FINE OR IMPRISONMENT UNDER TITLE 18 OF THE UNITED STATES CODE, 18 U.S.C. §1001

Block 5: Additional Revenue Breakouts

501 Filer 499 ID [from Line 101]	814681
502 Legal name of reporting entity [from Line 102]	Inmark, Inc. d/b/a Preferred Billing

Most filers must contribute to LNP administration and must provide the percentages requested in Lines 503 through 510. Filing entities that use Line 603 to certify that they are exempt from this requirement need not provide this information.

Percentage of revenues reported in Block 3 and Block 4 billed in each region of the country. Round or estimate to nearest whole percentage. Enter 0 if no service was provided in the region.

			Block 3 Carrier's Carrier (a)	%	Block 4 End-User Telecom. (b)	%
503	Southeast:	Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee, and U.S. Virgin Islands	0	%		%
504	Western:	Alaska, Arizona, Colorado, Idaho, Iowa, Minnesota, Montana, Nebraska, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, and Wyoming	0	%		%
505	West Coast:	California, Hawaii, Nevada, American Samoa, Guam, Johnston Atoll, Midway Atoll, Northern Mariana Islands, and Wake Island.	0	%		%
506	Mid-Atlantic:	Delaware, District of Columbia, Maryland, New Jersey, Pennsylvania, Virginia, and West Virginia	0	%		%
507	Mid-West:	Illinois, Indiana, Michigan, Ohio, and Wisconsin	0	%		%
508	Northeast:	Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont	0	%		%
509	Southwest:	Arkansas, Kansas, Missouri, Oklahoma, and Texas	0	%		%
510	Total	[Percentages must add to 0 or 100] SEE ADDENDUM ATTACHED HERETO & INCORPORATED HEREIN	0	%	100	%

511 Revenues from resellers that do not contribute to Universal Service support mechanisms are included in Block 4, Line 420 but may be excluded from a filer's TRS, NANPA, LNP, and FCC common carrier regulatory fee contribution bases. To have these amounts excluded, the filer has the option of identifying such revenues below.

	(a)	(b)
	Total Revenues	Interstate and International
Revenues from resellers that do not contribute to Universal Service	\$	\$

PERSONS MAKING WILLFULLY FALSE STATEMENTS IN THE WORKSHEET CAN BE PUNISHED BY FINE OR IMPRISONMENT UNDER TITLE 18 OF THE UNITED STATES CODE, 18 U.S.C. §1001

Block 6: CERTIFICATION: to be signed by an officer of the filer

601 Filer 499 ID [from Line 101]	814681
602 Legal name of reporting entity [from Line 102]	Inmark, Inc. d/b/a Preferred Billing

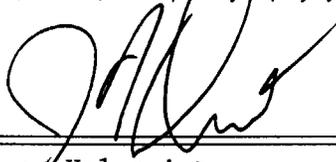
Section IV of the instructions provides information on which types of reporting entities are required to file for which purposes. Any entity claiming to be exempt from one or more contribution requirements should so certify below and attach an explanation. [The Universal Service Administrator will determine which entities meet the de minimis threshold based on information provided in Block 4, even if you fail to so certify, below.]

603 I certify that the reporting entity is exempt from contributing to: Universal Service TRS NANPA LNP Administration

Provide explanation below:

604 I certify that the revenue data contained herein are privileged and confidential and that public disclosure of such information would likely cause substantial harm to the competitive position of the company. I request nondisclosure of the revenue information contained herein pursuant to Sections 0.459, 52.17, 54.711 and 64.604 of the Commission's Rules.

I certify that I am an officer of the above-named reporting entity, that I have examined the foregoing report and, to the best of my knowledge, information and belief, all statements of fact contained in this Worksheet are true and that said Worksheet is an accurate statement of the affairs of the above-named company for the previous calendar year. In addition, I swear, under penalty of perjury, that all requested identification registration information has been provided and is accurate.

605 Signature	
606 Printed name of officer	James Holmquist
607 Position with reporting entity	Vice President
608 Date	7/18/01
609 This filing is:	<input type="checkbox"/> Original filing <input checked="" type="checkbox"/> Revised filing

Do not mail checks with this form. Send this form to: Form 499 c/o NECA, 80 South Jefferson Road, Whippany New Jersey, 07981
 For additional information regarding this worksheet contact: Telecommunications Reporting Worksheet information: (973) 560-4400 or via e-mail: Form499@neca.org

PERSONS MAKING WILLFULLY FALSE STATEMENTS IN THE WORKSHEET CAN BE PUNISHED BY FINE OR IMPRISONMENT UNDER TITLE 18 OF THE UNITED STATES CODE, 18 U.S.C. §1001

ADDENDUM TO 2001 FCC FORM 499-A
TELECOMMUNICATIONS REPORTING WORKSHEET

FOR

INMARK, INC. d/b/a PREFERRED BILLING

The following is submitted in further explanation of the information contained in the 2001 FCC Form 499-A for Inmark, Inc., d/b/a Preferred Billing ("Inmark").

Pursuant to contractual agreements and course of dealing with QAI, Inc. of 7700 Irvine Center Drive, Suite 605, Irvine, CA 92618 ("QAI") and applicable law and regulations, QAI was obligated to prepare Form 499 reporting worksheets for Inmark, to timely file such reports and to pay all resulting USF and other resulting charges. This obligation is reflected among other things in the attached correspondence of August 21, 2000 from QAI to Inmark, in which QAI reaffirmed its obligation to prepare and file reports of Form 499 information and to pay resulting USF and related charges. This obligation is further evidenced by the attached correspondence of March 26, 2001 from QAI, Inc. to Inmark confirming that if QAI did not receive an enclosed "certification" from Inmark by April 9, 2001, QAI would report on its 499-A form "revenue derived from Inmark as end user revenue upon its FCC Form 499-A (due April 1, 2001) and begin assessing USF charges upon Inmark's domestic interstate and international telecommunications usage". In this correspondence QAI reaffirmed its legal obligation to file such 499 reports and pay resulting charges. (Inmark denies that QAI was entitled to begin "assessing" such charges upon Inmark, if such was QAI's intent.)

In response to the March 26, 2001 letter from QAI to Inmark, Inmark through its counsel confirmed to QAI in writing that the so called "certification" was rejected, that QAI was legally obligated to report all of the referenced revenues on QAI's referenced 2001 FCC Form 499-A and to pay all resulting invoices generated by Universal Service Administrative Company or other agencies. In later correspondence, Inmark's counsel has sought QAI's confirmation that QAI did so. See attached examples of correspondence from Inmark's counsel, Shawn Perry, Esq., to QAI's counsel, Jeffrey Ogren, Esq. Accordingly, the 2001 FCC Form 499-A submitted on behalf of Inmark is for the following purposes:

1. To identify a District of Columbia agent for service of process pursuant to 47 USC §413 and provide other required information;
2. To clarify that it was and is the legal obligation of QAI, Inc. to timely submit the appropriate 2001 FCC Form 499-A revenue information; and
3. That it was and is the obligation of QAI, Inc. to pay all Universal Service Administrative Company and any other agency charges based upon the 2001 FCC Form 499-A and the 2000 FCC Form 499-S, which charges are included in invoices during the first six months of calendar year 2001.



7700 Irvine Center Drive
Suite 605
Irvine, California 92618
949.453.3313 • Fax.949.453.3321

March 26, 2001

BY OVERNIGHT DELIVERY

James Holmquist
Inmark, Inc.
2690 Snelling Avenue, Suite 280
Roseville, MN 55113

Re: Universal Service Fund; Exemption Certificate

Dear Mr. Holmquist:

As you know, telecommunications carriers providing domestic interstate interexchange services such as Inmark, Inc. ("Inmark") are required to contribute, pursuant to Section 254 of the Communications Act (47 U.S.C. § 254) and implementing regulations, rules and orders adopted by the Federal Communications Commission ("FCC"), to the Universal Service Fund ("USF") support mechanisms. Such carriers are obligated to report both end-user derived revenue and revenue earned from sales to other carriers ("carrier's carrier revenue").

Like Inmark, QAI, Inc. ("QAI") is under an obligation to provide break-out revenue data for end-user revenue and carrier's carrier revenue. In order to properly categorize revenue derived from Inmark as carrier's carrier revenue, QAI requires that an officer of Inmark properly execute the enclosed Universal Connectivity Charge Exemption Certification ("Certification") and return it to QAI's agent listed at the bottom of the form as soon as possible.

It is important that Inmark promptly execute and return the Certification for several reasons. First, without the Certification, QAI will be forced to include revenue derived from Inmark as *end-user* revenue. What this means for Inmark is that QAI will be obligated to bill Inmark for USF surcharges on all of Inmark's domestic interstate and international usage. Second, the Telecommunications Reporting Worksheets (FCC Forms 499-A and 499-Q) require that Inmark execute such a document (*see* Page 15 of the Instructions to FCC Form 499-A). Thus, if Inmark does not provide this form to QAI it will be in violation of its FCC filing obligations.

Please execute and return the enclosed Certification to QAI's agent by **April 9, 2001**. If QAI does not receive the Certification by that date, it will have no choice but to list revenue derived from Inmark as end-user revenue on its FCC Form 499-A (due April 1, 2001) and begin assessing USF surcharges upon Inmark's domestic interstate and international telecommunications usage. As a further reminder, please note that Inmark must independently file its own upcoming FCC Form 499-A and all subsequent Telecommunications Reporting Worksheets thereafter.

If you have any questions, please direct them in writing to CEO, QAI, Inc., 7700 Irvine Center Drive, Suite 605, Irvine, CA 92618 (Facsimile (949) 453-3321) with a copy to C. Jeffrey Tibbels, Esq., Law Offices of Thomas K. Crowe, P.C., 2300 M Street, N.W., Suite 800, Washington, DC 20037 (Facsimile: (202) 973-2891).

Sincerely,

Christine Cotton
Chief Financial Officer

Enclosure



7700 Irvine Center Drive
Suite 605
Irvine, California 92618
949.453.3313 - Fax.949.453.3321

August 21, 2000

Inmark, Inc.
2690 Snelling Avenue North
Suite 280
Roseville, MN 55113
Attn: Jim Holmquist

Re: Universal Service Worksheets due September 1, 2000

Dear Mr. Holmquist:

Enclosed are three copies of the Universal Service Worksheets. These worksheets will be used by the Universal Service Administration to calculate the Universal Service assessments for the period of January through June 2000. The forms are due on September 1. Please sign all three of the worksheets in block 120 on the form and mail one copy to the following address:

Form 499 Data Collection Agent
Attn: Lori Terraciano
80 South Jefferson Road
Whippany, NJ 07981

Return one copy to me at our Irvine address:

QAI, Inc.
7700 Irvine Center Drive
Suite 605
Irvine, CA 92618
Attn: Gloria Hansen

The third copy is for your records.

Since we are collecting the USF revenue, we will continue to pay the USF bills. If you have any questions, please call me at (949) 453-3313, extension 408, or fax me at (949) 453-3321. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Gloria Hansen".

Gloria Hansen
Staff Accountant

PERRY, PERRY & PERRY

ATTORNEYS AT LAW
SUITE 270, PARKDALE 1
5401 GAMBLE DRIVE

MINNEAPOLIS, MINNESOTA 55416

TELEPHONE: (952) 546-3555

FACSIMILE: (952) 546-3855

E-MAIL: shawuperry@perryperryperry.com

LEGAL ASSISTANT:
JEROME L. JAYNES

STEWART R. PERRY
SHAWN M. PERRY
SHANE C. PERRY

WRITER'S DIRECT DIAL NO.
(952) 546-3845

April 18, 2001

VIA FACSIMILE AND MAIL

Jeffrey W. Ogren, Esq.
Bochetto & Lentz, PC
1524 Locust Street
Philadelphia, PA 19102

Re: Inmark, Inc.
Protel Advantage, Inc.
LoTel, Inc.

Dear Mr. Ogren:

Please confirm that your Client has filed the FCC Forms 499A, has paid the USAC statements/invoices for the first quarter of 2001 and will continue to do so for the remainder of the year as outlined in my April 6 letter to you.

We are still awaiting the state-by-state revenue breakdown so my clients can meet other reporting obligations.

I look forward to receiving an immediate response to this letter.

Very truly yours,



Shawn M. Perry

SMP/ma

Encl.

cc: Jeffrey Tibbets, Esq. (via facsimile 202-973-2891)
Patrick Crocker, Esq. (via facsimile 616-349-8525)
Clients

PERRY, PERRY & PERRY

STEWART R. PERRY
SHAWN M. PERRY
SHANE C. PERRY

ATTORNEYS AT LAW
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5401 GAMBLE DRIVE
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E-MAIL: shawnperry@perryperryperry.com

LEGAL ASSISTANT:
JEROME L. JAYNES

WRITER'S DIRECT DIAL NO.
(952) 546-3845

June 5, 2001

VIA FACSIMILE AND MAIL

Jeffrey W. Ogren, Esq.
Bochetto & Lentz, PC
1524 Locust Street
Philadelphia, PA 19102

Re: Inmark, Inc.
Protel Advantage, Inc.
LoTel, Inc.

Dear Mr. Ogren:

When we spoke on May 23, we discussed the USF issue and the failure of QAI to respond to the letters I have written concerning the same. I pointed out that Christine Cotton on behalf of QAI wrote identical letters to all of my Clients stating in part:

If QAI does not receive the Certification by that date [April 9], it will have no choice but to list revenue derived from Inmark as end-user revenue on its FCC Form 499-A (due April 1, 2001) and begin assessing USF surcharges upon Inmark's domestic interstate and international telecommunications usage.

I notified you on April 6, 2001 that on advice of regulatory counsel my Clients declined to sign the certification referred to in Ms. Cotton's March 26, 2001 thereby triggering QAI's obligation to file Form 499A reporting the revenue from my Client's customer base as end-user revenue and to pay the USAC invoices with the funds QAI has already collected from the customers.

When we spoke on May 23, you told me that you did not believe QAI had filed the Form 499A and would check with QAI to confirm what it planned to do. You told me you expected to get back to me by May 25, but I have not heard back from you.

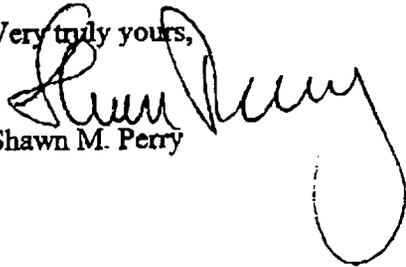
I had also requested on behalf of my Clients a state-by-state breakdown of revenue in my letter of April

June 5, 2001
Page 2

18 and there has been no response to that request.

Please get back to me on these urgent matters.

Very truly yours,


Shawn M. Perry

SMP/ma

Encl.

cc: Jeffrey Tibbles, Esq. (via facsimile)
David Crocker, Esq. (via facsimile)
Clients

Exhibit I

EXHIBIT I

Letter of Appeal to Administrator USAC

EARLY, LENNON, CROCKER & BARTOSIEWICZ, P.L.C.

ATTORNEYS AT LAW

900 COMERICA BUILDING
KALAMAZOO, MICHIGAN 49007-4752
TELEPHONE (616) 381-8844
FAX (616) 349-8525

GEORGE H. LENNON
DAVID G. CROCKER
MICHAEL D. O'CONNOR
HAROLD E. FISCHER, JR.
LAWRENCE M. BRENTON
GORDON C. MILLER
GARY P. BARTOSIEWICZ
BLAKE D. CROCKER

ROBERT M. TAYLOR
RON W. KIMBREL
PATRICK D. CROCKER
ANDREW J. VORBRICH
TYREN R. CUDNEY
WILLIAM B. JOHNSON
STEVEN M. BROWN
KRISTEN L. GETTING

OF COUNSEL

VINCENT T. EARLY
THOMPSON BENNETT
JOHN T. PETERS, JR.

JOSEPH J. BURGIE
(1926-1992)

October 9, 2001

Letter of Appeal
USAC
2120 L Street, NW, Suite 600
Washington, DC 20037

Legal Reporting Name: Inmark, Inc. d/b/a Preferred Billing
Filer 499 ID: 814681

We are the attorneys for Inmark, Inc. d/b/a Preferred Billing, a Minnesota corporation ("Inmark"). On behalf of Inmark, we hereby appeal the decision by Universal Service Administrative Company ("USAC") set forth in the attached letter of September 12, 2001 from USAC to Patrick D. Crocker of this firm.

It is our position that USAC does not have the jurisdiction, authority or discretion to "reject" or choose to ignore a properly filed form 499-A. A review of the USAC letter of September 12, 2001 confirms that this is exactly what USAC is doing; it is receiving, reviewing and ignoring a properly completed and duly filed form 499-A. USAC is authorized to collect information using the form 499-A. USAC is not authorized by any law, regulation or delegation of authority to choose to ignore the information contained in the form 499-A.

In addition, the narrative explanation supporting and explaining the information contained in the 499-A is attached hereto, is repeated in full as if set forth verbatim. This is explanatory information. The giving of such explanation does not empower USAC to agree or disagree with the explanation or empower USAC to disregard the information contained in the 499-A. Nevertheless, the explanatory materials are reaffirmed and repeated and should be accepted by USAC.

If USAC is relying on other information to support its imposition of charges, specifically if USAC is relying on information provided to it by QAI, Inc. or other companies, such reliance is improper, not authorized by law and cannot form the legitimate basis for imposition of any charges whatsoever upon Inmark.

For the reasons set forth above, Inmark hereby appeals the decision or determination set forth in the attached letter of September 12. Inmark requests that it be credited all amounts improperly charged against it as more fully explained in the attached materials.

EARLY, LENNON, CROCKER & BARTOSIEWICZ, P.L.C.

October 9, 2001

Page -2-

Yours truly,

EARLY, LENNON, CROCKER & BARTOSIEWICZ, P.L.C.

A handwritten signature in cursive script, appearing to read "Lawrence M. Brenton".

Lawrence M. Brenton

LMB/dle

Enclosures

Email: lbrenton@earlylennon.com



Universal Service Administrative Company

Lori S. Terraciano
Associate Manager – Universal Service Revenue Administration

September 12, 2001

Patrick D. Crocker
900 Comerica Bldg.
Kalamazoo, MI 49007

Mr. Crocker:

This letter is in response to the April 2001 FCC Form 499-A filings that were submitted for American Cyber Corp. (Filer 499 ID 819152), Inmark, Inc. (Filer 499 ID 814681), LoTel, Inc. (Filer 499 ID 819396), Protel Advantage, Inc. (Filer 499 ID 809181), and Coleman Enterprises, Inc. These filings reported zero revenue for all of these companies for the period of January - December 2000.

Attached to each 499-A filing for the above mentioned companies was an addendum that stated QAI, Inc. was required to file the 499-A filings for these companies and pay all universal service charges related to these filings. This is not true according to FCC Rules. Please see pages 4-7 of the Instructions to the Telecommunications Reporting Worksheet (attached). Each legal entity is required to file their own 499-A filing reporting their own revenue. QAI may have provided a service to these companies in the past, but they are not obligated to file 499 filings for any of their resellers.

In the addendum, it is pointed out the QAI has agreed to file 499 filings on behalf of these companies, as proven in their August 21, 2000 letter. This letter states that QAI will be filing the September 1, 2000 FCC Form 499-S on their behalf. There is no mention of any future filings, other than the September 1, 200 499-S. Therefore, all of the above mentioned companies are required to submit the April 1, 2001 FCC Form 499-A on their own behalf.

Not all companies are required to contribute directly to the Universal Service Fund. The following excerpts from the FCC's Form 499 Instructions on pages 5-7, will help to explain what companies are exempt from contributing to the Universal Service Fund:

Universal service exception for de minimis telecommunications providers

Section 54.708 of the Commission's rules states that telecommunications carriers and telecommunications providers are not required to contribute to the universal service support mechanisms for a given year if their contribution for that year is less than \$10,000.¹

¹ 47 C.F.R. § 54.708.

Providers should complete the table contained in Figure 1 to determine whether they meet the de minimis standard. To complete Figure 1, potential filers must first complete block 4 of the Telecommunications Reporting Worksheet and enter the amounts from Line 420(d) and 420(e) in Figure 1. Telecommunications providers whose estimated contributions to universal service support mechanisms would be less than \$10,000 are considered de minimis for universal service contribution purposes and will not be required to contribute directly to universal service support mechanisms.

Exception for government, broadcasters, schools and libraries

Certain entities are explicitly exempted from contributing directly to the universal service support mechanisms and need not file this worksheet. Government entities that purchase telecommunications services in bulk on behalf of themselves, e.g., state networks for schools and libraries, are not required to file or contribute directly to universal service. Public safety and local governmental entities licensed under Subpart B of Part 90 of the Commission's rules are not required to file or contribute directly to universal service. Similarly, if an entity provides interstate telecommunications exclusively to public safety or government entities and does not offer services to others, that entity is not required to file or contribute directly to universal service. In addition, broadcasters, non-profit schools, non-profit libraries, non-profit colleges, non-profit universities, and non-profit health care providers are not required to file the worksheet or contribute directly to universal service.

Exception for systems integrators and self providers

Systems integrators that derive less than five percent of their systems integration revenues from the resale of telecommunications are not required to file or contribute directly to universal service. Systems integrators are providers of integrated packages of services and products that may include the provision of computer capabilities, interstate telecommunications services, remote data processing services, back-office data processing, management of customer relationships with underlying carriers and vendors, provision of telecommunications and computer equipment, equipment maintenance, help desk functions, and other services and products). Entities that provide services only to themselves or to commonly owned affiliates need not file.

Unless the above mentioned companies qualify for one of these exemptions, they will have a direct contribution obligation to USAC. Underlying carriers can not assume that responsibility on these companies behalf.

Please submit completed April 1, 2001 FCC form 499-A filings to the following address as soon as possible:

Form 499- DCA
Attn: Lori S. Terraciano
80 S. Jefferson Rd.
Whippany, NJ 07981

If you need help completing the 499A, please contact the Form 499 help line at 973-560-4460 or through e-mail at Form499@neca.org.

I trust this information provides you with the background necessary to resolve your questions/concerns. Please contact the Form 499 help line at 973-560-4460 with any further questions.

Thank you,

A handwritten signature in cursive script that reads "Lori S. Terraciano".

cc: Bill Davis (PWC)
Lisa Harter

ADDENDUM TO 2001 FCC FORM 499-A
TELECOMMUNICATIONS REPORTING WORKSHEET

FOR

INMARK, INC. d/b/a PREFERRED BILLING

The following is submitted in further explanation of the information contained in the 2001 FCC Form 499-A for Inmark, Inc., d/b/a Preferred Billing ("Inmark").

Pursuant to contractual agreements and course of dealing with QAI, Inc. of 7700 Irvine Center Drive, Suite 605, Irvine, CA 92618 ("QAI") and applicable law and regulations, QAI was obligated to prepare Form 499 reporting worksheets for Inmark, to timely file such reports and to pay all resulting USF and other resulting charges. This obligation is reflected among other things in the attached correspondence of August 21, 2000 from QAI to Inmark, in which QAI reaffirmed its obligation to prepare and file reports of Form 499 information and to pay resulting USF and related charges. This obligation is further evidenced by the attached correspondence of March 26, 2001 from QAI, Inc. to Inmark confirming that if QAI did not receive an enclosed "certification" from Inmark by April 9, 2001, QAI would report on its 499-A form "revenue derived from Inmark as end user revenue upon its FCC Form 499-A (due April 1, 2001) and begin assessing USF charges upon Inmark's domestic interstate and international telecommunications usage". In this correspondence QAI reaffirmed its legal obligation to file such 499 reports and pay resulting charges. (Inmark denies that QAI was entitled to begin "assessing" such charges upon Inmark, if such was QAI's intent.)

In response to the March 26, 2001 letter from QAI to Inmark, Inmark through its counsel confirmed to QAI in writing that the so called "certification" was rejected, that QAI was legally obligated to report all of the referenced revenues on QAI's referenced 2001 FCC Form 499-A and to pay all resulting invoices generated by Universal Service Administrative Company or other agencies. In later correspondence, Inmark's counsel has sought QAI's confirmation that QAI did so. See attached examples of correspondence from Inmark's counsel, Shawn Perry, Esq., to QAI's counsel, Jeffrey Ogren, Esq. Accordingly, the 2001 FCC Form 499-A submitted on behalf of Inmark is for the following purposes:

1. To identify a District of Columbia agent for service of process pursuant to 47 USC §413 and provide other required information;
2. To clarify that it was and is the legal obligation of QAI, Inc. to timely submit the appropriate 2001 FCC Form 499-A revenue information; and
3. That it was and is the obligation of QAI, Inc. to pay all Universal Service Administrative Company and any other agency charges based upon the 2001 FCC Form 499-A and the 2000 FCC Form 499-S, which charges are included in invoices during the first six months of calendar year 2001.

Exhibit J

EXHIBIT J

David Wiegand Deposition Testimony

**DAVID WIEGAND, VOL. VI, 10-25-02
JOANN TRUEDSON**

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1 STATE OF MINNESOTA

2 COUNTY OF WASHINGTON

3 COLEMAN ENTERPRISES, INC.,)
 4 a Minnesota corporation, and)
 5 AMERICAN CYBER CORPORATION,)
 6 a Nevada corporation,)
 7 Plaintiffs,)
 8 vs.) No. 004498
 9 QAI, INC., a Minnesota corporation,)
 10 PATHFINDER CAPITAL, INC., a Nevada)
 11 corporation, CHEETAH COMMUNICATIONS,)
 12 LLC, a California corporation,)
 13 TERACOM TECHNOLOGY, LLC, a California)
 14 limited liability company, PATHFINDER)
 15 COMMUNICATIONS, INC., a Nevada)
 16 corporation, PATHFINDER COMMUNICATIONS,)
 17 LLC, a Nevada limited liability)
 18 company, PATHFINDER MANAGEMENT, LLC, a)
 19 California limited liability company,)
 20 PATHFINDER SERVICES, INC., a Nevada)
 21 corporation, AD NET TELEMANAGEMENT,)
 22 INC., a California corporation,)
 23 SOULFUL INVESTMENTS, INC., a Nevada)
 24 corporation, and DAVID WIEGAND, and)
 25 individual,)
 Defendants.

AND RELATED CROSS-ACTION.

DEPOSITION OF
 VOLUME VI
 DAVIE WIEGAND
 Taken October 25, 2002
 Commencing at 12:20 p.m.

REPORTED BY: LYNN M. HANDBERG

PARADIGM REPORTING & CAPTIONING INC.
 1400 RAND TOWER
 527 MARQUETTE AVENUE SOUTH
 MINNEAPOLIS, MINNESOTA 55402-1331
 (612) 339-0545

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1 Deposition of DAVID WIEGAND taken on the 25th

2 day of October, 2002, commencing at 12:20 p.m., at the

3 law firm of HENNINGSON & SNOXELL, 5160 Summit Drive,

4 Brooklyn Center, Minnesota, before Lynn M. Handberg,

5 RPR, Court Reporter and Notary Public of and for the

6 State of Minnesota.

7 *****

8

9 APPEARANCES

10 On Behalf of the Plaintiffs:

11 Mark V. Steffenson, Esquire
 12 HENNINGSON & SNOXELL
 13 6160 Summit Drive, Suite 640
 14 Brooklyn Center, Minnesota 55430

15 On Behalf of the Defendants:

16 Jeffrey S. Benice, Esquire
 8 Corporate Park, Suite 200
 Irvine, California 92606

877

1 UNITED STATES BANKRUPTCY COURT

2 DISTRICT OF MINNESOTA

3

4 In Re: Coleman Enterprises, Inc.,

5 Bankruptcy File No. 00-33476GFK

6

7 In Re: American Cyber corporation,

8 Bankruptcy File No. 00-33477GFK

9

10 DEBTORS

11

12 JOINTLY ADMINISTERED

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1 INDEX

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12 132-137 (Attorneys' eyes only, attached
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13 138 Transcript, 9-27-00 929

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17 142 10-13-99 executive memorandum 939

18 143 8-17-99 memorandum 940

19 144 Handwritten notes 941

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DAVID WIEGAND, VOL. VI, 10-25-02
JOANN TRUEDSON

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1 company because it's found on the top of a lot of the
2 faxes that are generated out of his facility.
3 Q. This document appears to have been faxed to QAI
4 in October of 1999?
5 A. Yes.
6 Q. Do you recall reviewing this document in or
7 about late October, 1999?
8 A. Yes.
9 Q. And who is Attorney MacBride?
10 A. MacBride was the outside counsel that I used for
11 QAI and for Cheetah in the state of California for
12 regulatory purposes.
13 Q. And Mr. MacBride was the attorney that you had
14 hired to deal with the California PUC with respect to
15 the Coleman Enterprises matter?
16 A. No, I did not explicitly hire him to handle the
17 formal proceeding that was filed. I did have him
18 provide some consultation to me prior to the December
19 2nd order instituting an investigation by the California
20 PUC. And I did have him representing our interests in
21 some discussions with Dan Coleman's counsel, prior to
22 the filing of the order instituting an investigation,
23 with regard to the thought of him selling his companies
24 or his customer bases to us under the, under some terms
25 of -- potentially under the option that we had to buy

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1 the base or otherwise.
2 Q. Do you recall having discussions with Grant
3 Lebens regarding his discussions with Mr. Coleman's
4 attorneys involving the California PUC investigation?
5 A. I had discussions with Grant occasionally about
6 that topic, yes.
7 Q. And what do you recall of those discussions with
8 Mr. Lebens about the status and process of the
9 California PUC investigation?
10 A. What Grant Lebens was primarily responsible to
11 me for with regard to this action on the part of the PUC
12 is that I had him following up with Dan Coleman's
13 outside counsel to make sure we were getting all of the
14 copies of all of the documents that they had agreed to
15 provide to us, and he was also responsible in my behalf
16 to provide the information that we had agreed to provide
17 to their counsel.
18 So primarily this kind of information was
19 coming from Grant to me, or to our offices in California
20 from Grant.
21 Q. Just so I understand how the 7.9 cent per minute
22 plan worked, was that the charge then for both inter and
23 intrastate calls for long distance?
24 A. That rate was applicable to a product that was
25 being sold that was a -- it was QAI's product, the long

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1 distance billing product. And it was the intrastate
2 rate. And to the extent that we could match that rate
3 on an intrastate basis in certain states, my direction
4 was that we would. But in some cases our cost was
5 higher than that so we would have to charge more in
6 certain states on an intrastate call than that rate.
7 (Wiegand Deposition Exhibit No. 149
8 marked for identification.)
9 BY MR. STEFFENSON:
10 Q. Showing you what's been marked as Exhibit 149.
11 Did you have any discussions with Mr. White at or about
12 November, was it 1998, regarding the issue set forth in
13 this letter?
14 A. Regarding the rate applied on the USF, yes, I
15 did.
16 Q. Did you recall having discussions with Mr. White
17 regarding the last sentence of Ms. Mitchell's letter
18 that says that, "As we discussed this increase could
19 result in a substantial increase in end user complaints
20 and adjustments?
21 A. I don't recall.
22 Q. Do you recall in or about this time having
23 discussions with Mr. White about the need for either QAI
24 or Cheetah to increase the Universal Service Fund
25 charges?

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1 A. My recollection is that they used the Universal
2 Service Fund rate and at that time we had to along with
3 the rest of the marketplace response with some increase
4 of our own to cover it.
5 We would always, I would always expect it
6 would have some impact on the customer base, the number
7 of complaints and adjustments, I'm not sure that this
8 one change though could be in my opinion characterized
9 as having a potential for substantial change.
10 Q. Can you explain to me why there was a need to
11 increase it from 6 percent to 8.4 percent?
12 A. Yeah, I believe that's what I was trying to
13 explain just now is that there was, at some point during
14 or prior to this period there was an increase in the
15 rate that was charged by the FCC, and so we along with
16 the rest of the marketplace made an adjustment to cover
17 for that.
18 Q. So why were you increasing it to 8.4 percent the
19 net of all fees, costs and multipliers?
20 A. When you generate, when you submit billings
21 through USBI they have billing fees and other billing
22 costs and some multiplier that I'm not all that familiar
23 with that they must have applied to this. And so what
24 my recollection is, and I don't remember this letter
25 specifically, but my instructions were that we would,

DAVID WIEGAND, VOL. VI, 10-25-02
JOANN TRUEDSON

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1 that if we were going to use 8.4 percent as what we
2 thought we had to charge, that that would be the amount
3 that we would realize after all of these other costs
4 that we didn't have any control over were covered.
5 Q. Well, if you're receiving 8.4 percent after all
6 the other costs are covered, then you're obtaining an
7 8.4 percent profit; is that correct?
8 A. No. That's not correct. That would just be the
9 percent that we would collect before other forms of
10 costs and dilution as well as the money that we had to
11 turn around and pay.
12 Q. And when you say other money that you had to
13 turn around and pay, did you have to pay on behalf of
14 the resellers the USF fees?
15 A. We paid millions of dollars in USF fees out of
16 these receipts, yes.
17 Q. And you paid those on behalf of all the
18 resellers? Up to a certain point in time?
19 MR. BENICE: I'll object to that "on
20 behalf." The contract between the parties speaks for
21 itself and specifically excludes USF charges. So the
22 resellers were telecommunications brokers. I would
23 object to the form of the question as resellers,
24 contract says they're independent marketers. The USF
25 obligation was QAI's.

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1 BY MR. STEFFENSON:
2 Q. Is it your understanding that the USF obligation
3 was QAI's?
4 A. In our situation that QAI took on that
5 responsibility and it was.
6 Q. And did QAI pay those amounts that were owed
7 with respect to the charges for American Cyber
8 Corporation?
9 A. We paid the federal USF on behalf of American
10 Cyber through a certain point, I believe, up until the
11 bankruptcy final file.
12 Q. Is there any reason you can think of as to why
13 those amounts for American Cyber would not have been
14 paid through QAI, that is the USF fees?
15 A. They were paid, they were paid. I mean I recall
16 even after the bankruptcy filing, even after we realized
17 we had lost, not just the Dan Coleman base but all of
18 the customer base for the most part, we still had
19 hundreds of thousands of dollars that we wired to the
20 FCC for USF payments for over half a million dollars
21 after, in the spring of 2001.
22 Q. Do you remember approximately how much the USF
23 fees were on a monthly basis for American Cyber
24 Corporation?
25 A. Not specifically. I recall that we were upwards

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1 of about 250,000 a month that we were paying for all of
2 the USF obligations.
3 Q. And that would be whether it was for QAI's brand
4 or for any other brands that were being sold through
5 QAI?
6 A. For the brands that we took on that
7 responsibility. The way the FCC has this deployed, the
8 burden can be on the supplier like QAI or on the carrier
9 like American Cyber, you can do it either way. The
10 liability if it's not paid at American Cyber's level can
11 easily be determined to be the responsibility of QAI
12 despite any arrangement you might have with the downline
13 carrier. And so we decided to take on that
14 responsibility, and it was also consistent with the
15 contract to do that.
16 I might add that in order for us to avoid
17 having Sprint take over the responsibility from us we
18 had to sign an annual agreement with Sprint that
19 indicated to them that we were, that QAI was responsible
20 and was in compliance with all the USF obligations,
21 otherwise they would have taken on the responsibility.
22 (Wiegand Deposition Exhibit No. 150
23 marked for identification.)
24 BY MR. STEFFENSON:
25 Q. Showing you what's been marked as Exhibit 150,

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1 does this letter from QAI to Coleman Enterprises
2 accurately reflect that QAI was going to continue to pay
3 the USF bills on behalf of Coleman Enterprises?
4 A. Yes.
5 Q. And that was true also for as you just said
6 American Cyber Corporation as well up until the
7 bankruptcy?
8 A. Right. Yeah, not really, it was past the
9 bankruptcy, it was up until the customer base was turned
10 over. That would have been November.
11 Q. Up until November of 2000 when the customer base
12 was turned over pursuant to the bankruptcy court order?
13 A. Right.
14 Q. Can you explain to me, Mr. Wiegand, why it is
15 you entered into a consulting agreement and an
16 employment agreement with Cheetah Communications on or
17 about May 1st, 1999?
18 A. I don't recall entering into both an employment
19 and consulting agreement.
20 Q. What do you recall entering into?
21 A. I recall there was some confusion on the part
22 of -- what time frame was this?
23 Q. May 1999.
24 A. Right. I recall there was some confusion on the
25 part of Mr. Shade who was handling the documentation for

Exhibit K

EXHIBIT K

Declaration of James Holmquist

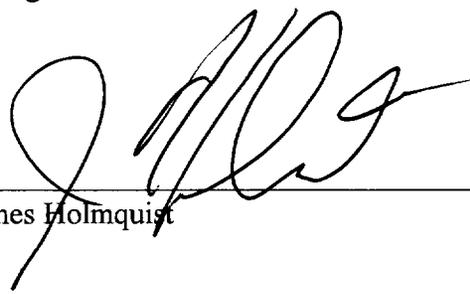
DECLARATION OF JAMES HOLMQUIST

I, James Holmquist, declare as follows:

1. I am the Chairman of the Board and Chief Financial Officer of Inmark, Inc. (AInmark@).
2. I make this Declaration in connection with the Petition for Review filed before the Federal Communications Commission by Inmark, requesting review of the Decision of the Universal Service Administrator.
3. On behalf of Inmark, I signed the Independent Marketing Agreement attached to the Petition as Exhibit C. Pathfinder Capital, Inc. or "PCI" was a holding company or management company affiliated with or doing business as QAI, Inc. of Irvine, California ("QAI"). QAI directly or through affiliates and by means of contractual arrangements with billing companies billed for and collected all revenues resulting from Inmark's telecommunications operations. QAI as the wholesale carrier paid its underlying carrier (Sprint) and was contractually obligated to remit to Inmark a margin after payment of this and other customer account related charges. In practice, however, Inmark received virtually no "commission" or margin as QAI consistently reported that the charges associated with Inmark's telecommunication services left no "commission" or margin to be paid to Inmark.
4. Specifically, by contract, by correspondence and by course of dealing, QAI agreed to and did bill Inmark's customers Universal Service Fund charges; QAI collected and reserved all payments for same and QAI directly received the invoices for and paid Universal Service Administrative company charges. The forgoing all remained true in calendar year 2000.
5. For reasons not directly known to me, QAI became involved in a dispute with underlying carrier Sprint late in calendar year 2000 which dispute, I am informed and believe, resulted in Sprint terminating the provision of telecommunication services to Inmark's end user customers. As a consequence of this termination of service by Sprint, Inmark lost approximately 50% of its customers before it was able to make new arrangements with an underlying carrier for the provision of telecommunication services to its customers.
6. In March of 2001 I received correspondence from QAI asking that Inmark agree to assume responsibility for filing a 2001 499-A form without which agreement, QAI advised me, QAI would report all revenues attributable to Inmark for calendar year 2000 on its own 499-A form. Reporting by QAI would be consistent with the contractual agreement between the parties, the course of dealing between the parties and the fact that prior to termination of service by Sprint, QAI had billed customers for and collected all Universal Service Fund charges attributable to Inmark operations. Accordingly, Inmark refused QAI's request that Inmark assume such obligations for calendar year 2000 operations.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on July 11, 2003.



James Holmquist

CERTIFICATE OF SERVICE

I, Teresa Bitterling, hereby certify that the foregoing "Petition for Review" was served this 18th day of July, 2003, by depositing a true copy thereof with the United States Postal Service, first class postage prepaid, addressed to:

D. Scott Barash, Esq.
Vice President & General Counsel
Universal Service Administrative Company
Suite 600
2120 L Street, NW
Washington, D.C. 20037



Teresa Bitterling