

Page 73

1 for Business Options. So he took over what Miss
2 Gray was doing -- he took over the contractual
3 end and started becoming Great Lakes
4 Verifications. As it turned out, it was
5 determined that it would be in our best interest
6 if he came to work for Business Options. And at
7 that time --

8 MR HAWA Time frame

9 A. That had to be prior to the year 2000;
10 I don't know the exact date. Anyhow, at that
11 time, there was a gentleman -- I may be a little
12 bit inaccurate -- but a man named Tony Lowe. At
13 that point he took over the verification company
14 from Keanan, and then Keanan subsequently started
15 working for Business Options and U.S. Bell. And
16 that's where he is now at. When Tony Lowe -- and
17 I don't recall what the verification company was
18 called, but when Tony Lowe had the verification
19 company, there were no common employees. I think
20 that was your question. I don't know the exact
21 time frame he did the verifications, but it was

Page 74

1 roughly for a year and a half or two years. But
2 we decided to part ways or terminate Mr. Lowe's
3 contract. He had actually opened a store inside
4 his office and was having people buy soda pop and
5 cookies and stuff.

6 MR HAWA He was an entrepreneur

7 A. Yes. Anyway, we did not feel we had
8 an arm's length relationship with Mr. Lowe. He
9 was just too friendly with the staff. It was
10 okay that he was making money, but it was also
11 distracting. It was wasting time for people to
12 stop in and say hello to him. He was a friendly
13 guy.

14 From that point, when we terminated
15 his contract, another gentleman wanted to try a
16 verification company. So he moved in, and Mr.
17 Lowe moved out. He moved in, and the idea was we
18 would help him get started if he was going to
19 find other long-distance customers and do
20 verifications for us. He utilized our staff
21 members to do verifications. The man is a CPA

Page 75

1 and discussed doing some type of employee
2 leasing. And I don't know that I ever quite
3 understood what he had in mind, but the basic
4 concept is he would sub-lease the space where
5 Tony Lowe had his verification company and use
6 some employees that we had. And then he would
7 attract more customers and hopefully build up his
8 verification company in return for giving us a
9 good rate on our verifications, which I think our
10 cost was \$500 plus his basic costs -- the cost of
11 employees and whatever, audiotapes and whatever
12 else he used. So he gave us a good deal on the
13 verifications, and his goal was to become a
14 full-blown verifications company. He didn't go
15 out and procure any other customers, though.

16 And at this point -- I guess it was
17 probably October of last year, we started looking
18 into additional third-party verification
19 companies -- people who were more skilled in
20 doing verifications. And we found a company
21 called -- I think they are called The

Page 76

1 Verification Company. I think that's what they
2 are called. And we had some pretty good success
3 with them.

4 At that time, it was reported to me
5 that our phone system, though, could not
6 three-way into the verification company. We had
7 old T-1's, that's what was reported to me. And
8 then in the last four or five months, I guess, we
9 have expanded upon using this other company, and
10 we actually found out in talking with other
11 Ameritech reps that they wanted to sell us
12 updated equipment and new equipment. So somebody
13 had the bright idea to try to do three-way
14 calling just from the telemarketing phone. And,
15 sure enough, we could three-way. So we probably
16 would have made the move earlier to The
17 Verification Company if we hadn't been given that
18 piece of information that our phone would not
19 allow us to do three-way calling. But at this
20 time, The Verification Company, which I think
21 they are out of Florida -- they are doing all of

Page 77

1 our verifications.
2 Q And what is the name of that company?
3 A. **The Verification Company.**
4 Q So approximately when did the business
5 relationship with Great Lakes Verification
6 Company and Business Options cease --
7 A. **I think probably in 1996.**
8 Q -- and you didn't use Great Lakes?
9 A. **In 1996.**
10 Q Okay.
11 A. **Now the verification script went**
12 **along. Any time we hired these other company,**
13 **the verification script went. They used the same**
14 **verification script; they never put their own**
15 **name into it until Keanan uncovered maybe five**
16 **months when F&G Verification was still using the**
17 **script with the name Great Lakes Verification.**
18 Q How long has that situation been going
19 on that you mentioned -- was it F&G?
20 A. **F&G Verifications.**
21 Q F&G Verifications, how long did they

Page 78

1 have a business relationship with Business
2 Options?
3 A. **Two years.**
4 Q From approximately when to when?
5 A. **I am guessing it was early 2001 until**
6 **June of 2003. We just recently -- As part of an**
7 **overhaul of making sure that we were doing**
8 **everything we were supposed to be doing and doing**
9 **everything exactly as I felt it should be done, I**
10 **just recently elected to get rid of that whole**
11 **relationship.**
12 Q So there was -- We have received some
13 verification scripts --
14 A. **Yes.**
15 Q -- that were used in 2002 --
16 A. **Yes.**
17 Q -- that makes reference to Great Lakes
18 Verification Company.
19 A. **Yes.**
20 Q Are you telling us that at that point
21 in time, Great Lakes Verification Company didn't

Page 79

1 even exist?
2 A. **Yes.**
3 Q And that instead of Great Lakes
4 Verification, we should read in that "F&G?"
5 A. **F&G Verifications, yes.**
6 Q So then to follow up on that, for
7 roughly a two-- year period of time you mentioned
8 that Business Options had a working
9 relationship -- a business relationship with F&G
10 Verifications, to your knowledge?
11 A. **Well, his name is Alan Furmankiewicz.**
12 Q So he was the accountant?
13 A. **Yes.**
14 MR HAWA I may have the spelling of
15 his name.
16 MR SHOOK That would probably help.
17 MR HAWA I have
18 F-U-R-M-A-N-K-I-E-W-I-C-Z.
19 MR SHOOK Thank you.
20 BY MR SHOOK
21 Q Has Mr. Furmankiewicz provided any

Page 80

1 service to Business Options other than being the
2 head of this F&G Verification?
3 A. **Yes.**
4 Q What services have those been?
5 A. **Accounting services.**
6 Q Such as preparation of tax returns?
7 A. **Yes.**
8 Q Financial statements of some kind?
9 A. **Um --**
10 Q I can be more specific. Income
11 statements?
12 A. **I don't know that we have had to file**
13 **any income statements. I don't believe that he**
14 **prepared any income statements that were being**
15 **sent out by Mr. Brzycki. No, not that I know of,**
16 **has he done any financial statements. Primarily,**
17 **just tax work for us.**
18 Q Balance statements?
19 A. **I don't think so, but I am not**
20 **certain.**
21 Q Your recollection is tax returns?

Page 81

1 A. Yes.
2 Q Would those have been federal tax
3 returns only?
4 A. No, federal and state.
5 Q And that would be for Business
6 Options?
7 A. Any company that we are associated
8 with.
9 Q Business Options, U.S. Bell?
10 A. Uh-huh.
11 Q Buzz Telecom?
12 A. Yeah.
13 Q Did Business Options have a written
14 contract of some kind with F&G Verification?
15 A. Yes.
16 Q To your understanding, has that
17 contract been made available to us?
18 A. Yes.
19 Q And so that's different from the
20 contract that we were talking about earlier
21 between Business Options and Great Lakes

Page 82

1 Verification?
2 A. Yes.
3 Q Do you have any recollection who
4 executed the contract on behalf of Business
5 Options?
6 A. I think it was on behalf of U.S. Bell.
7 I am not certain, but I believe Mr. Brzycki
8 and -- well, Mr. Brzycki.
9 Q And then your recollection is Mr.
10 Furmankiewicz executed on behalf of F&G?
11 A. Yes.
12 Q And you are saying now that as of June
13 of 2003, F&G no longer provides verification
14 services for Business Options --
15 A. That's correct.
16 Q -- or Buzz Telecom?
17 A. That's correct.
18 Q You had mentioned that there was a
19 time when there was some kind of employee sharing
20 between Buzz Telecom and F&G --
21 A. Uh-huh.

Page 83

1 Q -- Verification. Did I get that
2 right -- that there was some kind of sharing of
3 employees?
4 A. Uh-huh.
5 Q Do you have any recollection as to
6 which employees they were?
7 A. Ida Irizarry comes to mind. And I
8 don't know the other employees. I don't know the
9 other people in the verification company.
10 Q Approximately how many Buzz Telecom
11 employees were involved in this sharing
12 arrangement?
13 A. Well, they left Buzz Telecom to go to
14 work inside The Verification -- I want to use the
15 name, "The Verification Company," because that's
16 the new one. But they went inside F&G
17 Verifications. When I say "share," they didn't
18 do some verifications and some cleaning of the
19 bathrooms or anything like that. They went and
20 worked for F&G Verifications. And I don't
21 know -- it may have been four people. Those

Page 84

1 people may have been turned over. Some may have
2 quit or been fired or been replaced, I don't
3 know. But I think they had roughly four people
4 in there at our highest production time period
5 and maybe one at our lowest.
6 Q With respect to the script that was
7 used by F&G Verification to determine that a
8 consumer had talked to a telemarketer from Buzz
9 Telecom or from Business Options, what role, if
10 any, did you have in determining what the
11 verification script looked like?
12 A. I had a role in it. I had to make
13 sure that it was satisfactory. Well, let me back
14 up. Before third-party verifications became
15 popular, we used to, as part of our telemarketing
16 arrangement, the way that it used to be is you
17 take their order and then sent them out a letter
18 describing the products they bought. And they
19 had a postcard to send back, which they had 14
20 days to respond, which is the way most
21 telemarketers operate, and we did as well. But

Page 85

1 during that time, we had a verification -- maybe
2 we called it validation because verification
3 wasn't a term that was broadly used. But we
4 would have our telemarketers tape-- record the
5 verification script at the end of the phone
6 conversation, even though they were going to send
7 out the form, just for quality control purposes.
8 So at the end of the phone call, they would say,
9 "Now we are going to record." We would make them
10 understand that we were not a local exchange
11 carrier and that we were switching their
12 long-distance. And we would use that tape to
13 either train the people or really find out that
14 the consumer wanted our product or wanted to be
15 our customer.
16 So I have always had an interest in
17 the verification script. I have always had the
18 idea that I wanted a customer that wanted to be
19 our customer. If they didn't want to be a
20 customer, it was just going to be a problem for
21 us further down the road. So I have always had

Page 86

1 an interest in it.
2 So Mr. Brzycki or myself, somebody
3 from our company, would ensure that our
4 verification script met whatever requirements
5 hopefully that the FCC or the UPC's had as well
6 as the billing collection companies. For
7 instance, the FCC -- I don't even know if it's
8 the FCC -- yeah, I think it is. I think they
9 have things included in verification. But the
10 billing companies, they want to make sure we
11 state their fees. If there is a monthly service
12 fee, they want it printed in the script, where
13 that's not necessarily something that the FCC
14 requires. So does that answer your question?
15 Q Yes, it's a start.
16 A. Okay.
17 Q Who, at Business Options, compares
18 what was in a verification script with, for
19 example, what the FCC rules required?
20 A. That was Mr. Brzycki's responsibility.
21 Q Was it anybody's responsibility in

Page 87

1 addition to Mr Brzycki's to determine that the
2 verification script had all the elements that the
3 FCC's rules required?
4 A. Ultimately, I am responsible for the
5 company and everything that happens. So I would
6 say if there is another person, it would be mine.
7 Q But this was Mr. Brzycki's
8 responsibility in the first instance --
9 A. Yes.
10 Q -- to determine that the verification
11 script complied with the FCC's requirements?
12 A. Yes, that was what he was paid to
13 do -- that type of work for us.
14 Q Was it also his responsibility to
15 determine that the verification script complied
16 with whatever state requirements existed?
17 A. Yes.
18 MR HAWA Could we take a short
19 break?
20 MR SHOOK Sure.
21 (A short break was taken.)

Page 88

1 BY MR SHOOK
2 Q All right. I want to ask a few more
3 questions about F&G --
4 A. Okay.
5 Q -- Verification. We have been talking
6 a little bit about the script that F&G used?
7 A. Uh-huh.
8 Q And to help lead into some of the
9 other questions, you had indicated that you had
10 some role in determining what the script should
11 be. Am I remembering that right, or was it
12 somebody else?
13 A. Mr. Brzycki and myself.
14 Q Okay. That helps. And Mr. Brzycki's
15 responsibility was to determine that the scripts
16 complied with whatever requirements the FCC had?
17 A. Yes. I think we have used a
18 verification company from Iowa to Florida to one
19 right next-door to us. And I think we always
20 wrote the script, and we had to have it reviewed
21 by Mr. Brzycki and legal counsel or whoever it

Page 89

1 was. But because we also had to have it approved
2 by the LEC's, I think that's why we were in
3 charge of writing it. Also, we are a regulated
4 company. I don't think the verification
5 companies are regulated by the FCC. I don't
6 know, but I don't think so.

7 **So I think the way we have always done**
8 **it when we contract with a verification company**
9 **is we will send them our script -- our**
10 **verification script.**

11 Q Did the verification company -- Let me
12 be more specific. Did F&G Verification Company
13 have, to your knowledge, any right to alter the
14 script in any way that you sent to it?

15 A. **Not without informing us, no.**

16 Q All right. But if it informed you
17 that it was going to change the script, it could?

18 A. **As long as it was more to my liking.**
19 **If it had more guidelines, that would have been**
20 **fine. If they were going to take out pertinent**
21 **information that would be necessary, then we**

Page 90

1 **would not have been in agreement with that.**

2 Q So it wasn't F&G's responsibility to
3 determine that the script complied with, for
4 example, FCC requirements?

5 A. **I don't think so, just from the**
6 **standpoint that if a consumer complains, they are**
7 **not going to complain about the verification**
8 **company. Or if you guys want to contact**
9 **somebody, you are going to come to us. We are**
10 **the long-- distance carrier; we are the ones**
11 **responsible. So I think it's our role and our**
12 **responsibility to make sure a verification script**
13 **is compliant with federal and state laws.**

14 Q With respect to your current
15 relationship with The Verification Company, does
16 The Verification Company have any responsibility
17 to determine whether or not the script complies
18 with FCC requirements?

19 A. **Again, I don't know contractually if**
20 **they do. But I know that we reviewed the script**
21 **prior to sending it to them. I don't know if**

Page 91

1 that answers your question. We found, actually,
2 in this proceeding issues that were -- I think
3 some of our questions -- the verification
4 questions had two questions in them.

5 Q That was us.

6 A. **Okay. You guys.**

7 Q Okay. So --

8 A. **Anyway, the verification script that**
9 **we resent to The Verification Company, we made**
10 **sure every question being asked was only one**
11 **question at a time. But if this other company**
12 **wanted to take out something that was pertinent,**
13 **we would be opposed to it. If they wanted to add**
14 **things so the consumer understood more of what**
15 **they were getting, that would be fine with us. I**
16 **don't know contractually what the contract says.**
17 **But I think in the real world, that's how a**
18 **working relationship should be.**

19 Q With respect to F&G employees -- we
20 had already talked about a number of employees
21 having come from Buzz Telecom or Business Options

Page 92

1 or U.S. Bell to work for F&G.

2 A. **Yes.**

3 Q At any one time, how many employees
4 worked for F&G, to your knowledge?

5 A. **Four.**

6 Q And do you know who it was that
7 actually hired those employees at F&G?

8 A. **It would be Mr. Furmankiewicz. Now,**
9 **to fully give you the understanding, these**
10 **people's paychecks always was either a Buzz**
11 **Telecom paycheck or U.S. Bell paycheck.**

12 Q Even though the individuals worked for
13 F&G Verification Company, the individual's
14 paycheck came directly from U.S. Bell or Buzz
15 Telecom or Business Options, Inc.?

16 A. **Yes. And that wasn't the case with**
17 **the processor, which was Tony Lowe, for**
18 **verification. He paid them, and then Mr.**
19 **Furmankiewicz -- maybe I was confused on his**
20 **definition of what employee leasing was, the term**
21 **he was using. Anyway, I hope I gave you the full**

Page 93

1 understanding that they received their paychecks
2 from Buzz Telecom, even though they worked for
3 Furmankiewicz.
4 Q So Mr. Furmankiewicz was the person
5 who could hire or fire those employees?
6 A. Yes. If he did not want them working
7 for him, he would send them back to us, and we
8 would terminate them. I don't know if that ever
9 happened, but --
10 Q Where did Mr. Furmankiewicz -- where
11 does he have his offices?
12 A. The verification office is right next
13 to our office, and he has got another office 20
14 or 25 minutes away. Mr. Furmankiewicz has an
15 accounting practice a little different than most.
16 He is not somebody that sits in his office. He
17 procured our account by coming out and visiting
18 us, and he developed a relationship where he
19 would visit us once a week at our offices. And
20 if we were busy, it was kind of nice. He did
21 work for the government for about 20 years; he

Page 94

1 was a former IRS agent. And when he went into
2 his own private practice, that became his
3 niche -- he was someone who would go in and work
4 on site. So he became familiar with our
5 business. And then when we decided to end the
6 relationship with Mr. Lowe, he wanted to take
7 that opportunity.
8 Q So approximately how long has Mr
9 Furmankiewicz been providing accounting services
10 to U.S. Bell, Business Options and Buzz Telecom?
11 A. Approximately three or four years.
12 Q Now I am going to focus some questions
13 on just Business Options --
14 A. Okay.
15 Q -- and then I will ask with respect to
16 the other entities.
17 A. Okay.
18 Q In approximately how many states does
19 Business Options, Inc. currently have customers?
20 A. Approximately 46.
21 Q Okay. Who are the unlucky -- or what

Page 95

1 are the unlucky four or five?
2 A. I believe South Dakota, Arizona, and
3 then a couple of smaller states. I just don't
4 think we ever got certified.
5 MR HAWA Are you in Alaska and
6 Hawaii?
7 A. I don't think we have customers in
8 Alaska or Hawaii. I think we got certified in
9 Hawaii, but I don't know whether we did in
10 Alaska. That is information we could procure,
11 though.
12 Q Well, in terms of the 46 -- it's
13 sometimes harder to count that way --
14 A. Right.
15 Q -- than to count the places where you
16 don't have customers.
17 A. Right.
18 Q That was the reason I posed the
19 question in that fashion.
20 A. Yes. I know we decided to leave South
21 Dakota just because we thought they had strange

Page 96

1 laws that had to do with telecommunications. And
2 some, we just thought were too small.
3 Q In other words, it cost more to
4 actually try to do business there --
5 A. Right.
6 Q -- that the money you were going to
7 generate from the customers you could acquire?
8 A. Yes. I think Louisiana was one
9 similar to that. I don't remember what the laws
10 were, but --
11 Q Now, in terms of operating in the
12 approximately 46 states, is that also the case
13 with Buzz Telecom -- that Buzz Telecom now
14 operates in approximately 46 states?
15 A. Buzz Telecom has very few customers,
16 so that would not be the same. We have not been
17 marketing as Buzz Telecom, other than to -- I
18 think we did some test marketing to see if the
19 name would sell just as well as Business Options.
20 So 99.9 percent of our customers are Business
21 Options customers.

Page 97

1 Q So even when U.S. Bell and Business
2 Options, Inc Were co-existing, if you will,
3 most of the customers that the two companies had
4 were really Business Options customers?
5 A. Yes.
6 Q You don't have to give me any dollar
7 figures here, but to your own understanding, your
8 own recollection, can you give me a rough
9 percentage of when U.S. Bell and Business Options
10 were going side-by-side, roughly how many
11 customers were Business Options customers from a
12 percentage standpoint?
13 A. A hundred percent were Business
14 Options customers.
15 Q Excuse me?
16 A. A hundred percent were Business
17 Options. That goes back to that our plan was to
18 go from Business Options to a more user-friendly
19 name. We just have not quite gotten there yet.
20 At some point, we hope they will all be Buzz
21 Telecom consumers.

Page 98

1 Q So basically you had to stay with
2 Business Options as the place to attract your
3 customers because, as you had mentioned, there
4 was one of these unfriendly "Bell" companies --
5 A. Yes.
6 Q -- that was going to give you a hard
7 time in the event you marketed under the name of
8 U.S. Bell?
9 A. We had started to get certified as
10 U.S. Bell throughout the states, and then we got
11 this letter, and we had to start the process all
12 over again with Buzz Telecom halfway through the
13 process with U.S. Bell.
14 Q So the process you are referring to
15 with Buzz Telecom is becoming, for lack of a
16 better term, legal in the states you want to
17 market in?
18 A. Yes.
19 Q And once you become legal, then you
20 can market in the name of Buzz Telecom?
21 A. Yes.

Page 99

1 Q And eventually you will have, if the
2 business plan goes wonderfully, many Buzz Telecom
3 customers?
4 A. Yes.
5 Q And the number of Business Options
6 customers will essentially remain the same or
7 dwindle?
8 A. Yes.
9 Q Is there some plan to migrate
10 customers from Business Options to Buzz Telecom?
11 A. I would like to do that, yes. I would
12 like to have one company or maybe two companies,
13 then file tax returns on everything else, and
14 then have just Buzz Telecom. That's a thought.
15 There is no formal plan to do that. But in my
16 mind, that's what I am going to do.
17 Q Now, we have seen -- I don't have them
18 at my fingertips at this point, but we have seen
19 some tax returns that suggest there was an income
20 of U.S. Bell and Business Options -- U.S. Bell
21 having a greater income --

Page 100

1 A. Okay.
2 Q -- than Business Options. And
3 considering what you have just explained to me in
4 terms of customers being virtually all, if not
5 all, Business Options customers as opposed to
6 U.S. Bell, what explanation would you have for
7 the tax returns if they in fact showed what I
8 remembered --
9 A. Uh-huh.
10 Q -- which is that most of the income
11 was going to U.S. Bell?
12 A. Okay. That would probably be a better
13 question for my accountant to answer. Do you
14 want me to look at something?
15 Q Well, this is from the year 1999 -- or
16 actually, it's all three years.
17 A. Let me see if I can make sense of
18 this. I know exactly what you are talking about.
19 Q Okay. Well, actually, let me show you
20 all of these. These were documents that we
21 obtained from you in response to our request for

Page 101

1 production of documents. And I am going to show
 2 you --
 3 MR HARKRADER There are two copies
 4 of each.
 5 MR SHOOK Off the record.
 6 (Discussion was held off the record.)
 7 BY MR SHOOK
 8 Q All right, I should probably start
 9 over with my rather long-winded question.
 10 A. Okay.
 11 Q You have in front of you now a set of
 12 tax returns for the years 1999, 2000 and 2001 --
 13 one for Business Options, Inc. and the other
 14 being for U.S. Bell, Inc. And I am not going to
 15 mention specific figures here, but I take it you
 16 will note and agree with me that with respect to
 17 Business Options, there was a decrease in each of
 18 the three years, '99, 2000 and 2001.
 19 A. Yes.
 20 Q And conversely, the U.S. Bell tax
 21 returns reflect increases for each of those three

Page 102

1 years. So that by the time we reach 2001, the
 2 gross receipts for U.S. Bell appear to be
 3 somewhere on the order of 30 times greater than
 4 that for Business Options, Inc
 5 A. Uh-huh.
 6 Q And considering that you had indicated
 7 the customers were virtually all Business
 8 Options, Inc. Customers --
 9 A. Uh-huh.
 10 Q -- and not U S Bell customers, I was
 11 wondering if you could provide some explanation
 12 as to the differences we can see in the 2001 tax
 13 returns for the two companies, Business Options
 14 and U.S. Bell?
 15 A. The U.S. Bell gross income was
 16 probably the combined income of our long-distance
 17 customer base and then there was money paid back
 18 to Business Options for the use of the
 19 certifications and whatnot.
 20 Interestingly enough, this is
 21 something that we recently have been reviewing --

Page 103

1 preparing tax returns to the states for the
 2 reporting of Business Options. We have been
 3 filing our Business Options reports in each of
 4 the different states based on the
 5 telecommunication revenues. So we have been
 6 reporting our telecommunication revenues on
 7 Business Options tax returns. If you added up
 8 all the different states, it would show an income
 9 equal or similar to the U.S. Bell total income.
 10 So we have been ensuring that whatever taxes we
 11 had to pay throughout the different states was
 12 being paid under telecommunications.
 13 I don't know if that's where you were
 14 headed. But from the advice of our accountants,
 15 having the relationship where whatever company we
 16 had, whether it's Avatar or U.S. Bell or Business
 17 Options, having the income -- the majority of the
 18 income at one company was a more accurate picture
 19 of what our business is as opposed to
 20 proportionate amount to Business Options, a
 21 portion to Avatar, and a part to U.S. Bell -- or

Page 104

1 not Buzz Telecom. So the employees at this time
 2 were employed by U.S. Bell, producing sales on
 3 behalf of Business Options, so the expenses were
 4 U.S. Bell's expenses.
 5 Anyway, from a tax standpoint in
 6 consultation with our accountants, they felt this
 7 provided the most accurate picture -- financial
 8 picture to the IRS of what our receipts were.
 9 Does that answer your question?
 10 Q I think so.
 11 A. Okay.
 12 Q My question was rather long-winded and
 13 convoluted, so --
 14 A. Okay.
 15 Q And I am not accusing you of answering
 16 in the same fashion --
 17 A. Okay.
 18 Q -- but you had to deal with the
 19 question as it was.
 20 A. Okay.
 21 Q So as I understand, as well as I can,

Page 105

1 the situation in 2001 -- Well, for the year 2001,
2 the customers that paid in the money to Business
3 Options, that money appears, by and large, as the
4 gross receipts for U.S. Bell?
5 **A. Correct.**
6 Q And that U.S. Bell in turn had some
7 contractual arrangements with Business Options,
8 and so a portion of the money that was paid into
9 U.S. Bell was in turn paid to Business Options
10 pursuant to that contractual arrangement?
11 **A. Yes.**
12 Q And the employees that marketed
13 Business Options products were paid by U.S. Bell?
14 **A. Correct.**
15 Q Now, do you have any -- With respect
16 to looking at the 2001 tax returns for U S Bell
17 and focusing on the gross receipts figure, do you
18 have any knowledge as to the percentage of that
19 money that was a result of intrastate
20 long-distance?
21 MR HAWA We will probably have to

Page 106

1 get back to you on that one.
2 **A. I could only guess at it.**
3 Q What I didn't know, and the purpose of
4 the question was, whether or not your income
5 reports as a general matter were broke up as to
6 what was intrastate revenues as opposed to
7 interstate revenues.
8 **A. I don't know. This is just taken off**
9 **of the total deposits that we make. We do get**
10 **reports from our billing company, and that is**
11 **what Mr. Brzycki used to file -- our different**
12 **reports around the different states. That would**
13 **break out by each state, and it would break out**
14 **by intrastate or interstate.**
15 Q For example, you indicated that you
16 had to send checks to the various states --
17 **A. Yes.**
18 Q -- for the Universal Service Fund?
19 **A. Yes.**
20 Q And in order to do that, you would
21 have to be able to break out what was

Page 107

1 intrastate --
2 **A. Yes.**
3 Q -- revenues with respect to that
4 particular state --
5 **A. Yes.**
6 Q -- as opposed to the total revenues
7 that came in from customers in that state?
8 **A. Yes.**
9 Q So whatever the difference would be
10 would presumably be the interstate revenues that
11 they have --
12 **A. Yes.**
13 Q -- or perhaps international revenues
14 that they have?
15 **A. Yes.**
16 Q Because I understand the product you
17 sold also included an international element?
18 **A. Yes, that's correct -- what you just**
19 **said. This is total revenue, and the accountant**
20 **would have those figures, and he would turn them**
21 **in to Mr. Brzycki. He did not go into our**

Page 108

1 **accounting software to generate his reports for**
2 **the returns that he filed. He went right onto**
3 **our USBI software, which provides all that**
4 **information. You can run it by day, by month or**
5 **by year. And that's how he would generate his**
6 **reports.**
7 Q So Mr. Brzycki would have to look at
8 something that was supplied by USBI --
9 **A. Right.**
10 Q -- and then work from there --
11 **A. Right.**
12 Q -- and then in turn give you the
13 information that you needed for the checks that
14 you were signing?
15 **A. Right. He would fill out all that**
16 **information and submit it with the request, and**
17 **then the check would be there. I would send the**
18 **check and sign the form -- or he would sign the**
19 **form, I guess, in most cases. Those two things**
20 **would be the same. The total from the USBI**
21 **reports -- they would match the total of the**

Page 109

1 gross receipts.
2 Q Does Business Options, Inc still
3 offer what has been called a "super-saver" plan
4 to prospective customers?
5 A. Yes.
6 Q Could you describe briefly what that
7 super-saver plan involves?
8 A. It's roughly 20 percent below what
9 AT&T charges. And I think AT&T is somewhere
10 around 7 cents, and we are about 7.9 cents per
11 minute intrastate. And then interstate would be
12 different, depending on the state. Then there
13 are monthly fees associated with that.
14 Q The interstate charge will vary from
15 state to state --
16 A. Yes.
17 Q -- pursuant to a tariff?
18 A. Yes. It's based on what we are
19 charged by the underlying carriers, and we mark
20 it up.
21 Q Now, in terms of sales scripts for a

Page 110

1 super-saver plan, what information, if any, is
2 provided to prospective customers relative to the
3 intrastate charges that would be levied?
4 A. I don't know that the super-saver
5 plan -- I don't know what information, if any, is
6 provided to prospective customers relative to the
7 intrastate charges that would be levied. I don't
8 know that the super-saver script discusses the
9 intrastate rate.
10 Q Do you have any knowledge as to
11 whether the verification script mentions in any
12 way the intrastate charges that will be levied?
13 A. I thought it did, but I am not for
14 certain at this point.
15 Q In other words, if we have a
16 verification script, it says what it says?
17 A. Yes.
18 Q If it mentions intrastate fees --
19 A. Yes.
20 Q -- it does. And if it does not --
21 A. Right.

Page 111

1 Q -- then it wasn't mentioned?
2 A. Right.
3 Q Now, you have probably mentioned this,
4 and I am getting a little confused in my own
5 mind, but does Buzz Telecom, as Buzz Telecom,
6 offer a super-saver plan?
7 A. It's not offering anything right now.
8 Q So all the offerings that are being
9 made are still Business Options?
10 A. Yes.
11 MR SHOOK Okay. I have reached a
12 break point. There are some other areas I want
13 to cover, but I think this would be a good place
14 to break for lunch.
15 (Thereupon, a luncheon recess was
16 taken at 12:15 p.m.)
17
18
19
20
21

Page 112

1 A-F-T-E-R-N-O-O-N S-E-S-S-I-O-N
2 (1:00 p.m.)
3 EXAMINATION (cont'd.)
4 BY MR SHOOK
5 Q Mr. Kintzel, I am going to show you a
6 document, and I am not sure if it's complete.
7 But I am hoping that you can give me an idea of
8 that it is that we are looking at here. Most of
9 the pages bear a bates stamp number, which
10 appears down at the bottom right. Oh, the first
11 page does as well. So it starts at 05201 and
12 continues to 05323 in terms of what we have here.
13 A. Okay. Is there any particular page
14 that you want me to look at?
15 Q Basically, I wanted you to scan the
16 document so you have an understanding of what it
17 is you are looking at so that I can ask you a
18 couple of questions about it. And when I ask
19 about a particular matter, I will give it back to
20 you, and we will focus on those.
21 A. Okay.

Page 113

1 Q From my quick review of the document,
2 it appears to be an application of some kind that
3 was sent to the State of Mississippi, and that it
4 was prepared sometime in 2002?
5 A. Yes.
6 Q And from our earlier conversation, it
7 struck me that this kind of document was typical
8 of documents that had been prepared periodically
9 for Buzz Telecom or for Business Options when the
10 entity is seeking authority to do business in a
11 particular state?
12 A. Yeah.
13 Q Now, with respect to the specifics of
14 this particular document, first of all, there is
15 a check that appears on page 05202.
16 A. Yes.
17 Q And that signature appears to be that
18 of a Lisa Norman?
19 A. Yes.
20 Q What role does Lisa Norman have with
21 respect to Buzz Telecom?

Page 114

1 A. She is the director of disbursements.
2 She receives invoices and pays bills and writes
3 checks.
4 Q And she has had that role for
5 approximately how long?
6 A. I don't know.
7 Q Did she have a role similar to that
8 with Business Options, Inc.?
9 A. No. She has been with us for less
10 than a year, I think.
11 Q Now, at page 05203 there is an
12 unsigned letter that bears your name, and I was
13 wondering if you knew anything about this letter.
14 A. I don't recall seeing it, but --
15 Q Okay. Now, in terms of the initials
16 that appear between the word "enclosure" and the
17 place where you should have signed, if you had
18 signed, it looks like "LG" Would it be fair to
19 assume that's probably Lisa Green?
20 A. Yes.
21 Q And that this letter on Buzz Telecom

Page 115

1 letterhead, dated January 7, 2003, would be the
2 kind of letter that Lisa would have authority to
3 prepare?
4 A. Yes.
5 Q And there is an attachment that
6 appears that references "management, technical
7 and financial qualifications," and that is on
8 pages 05203.
9 A. Uh-huh.
10 Q And what appears to follow are
11 questions and answers. And the answers reflect
12 that you were the person who was answering.
13 A. Uh-huh.
14 Q So with respect to the pages that
15 begin on 05205 and continue to 05211 -- if you
16 could, please just take a moment to look through
17 those.
18 A. Okay.
19 Q And the question I have for you is
20 what role, if any, did you have in preparing the
21 material that appears on these pages?

Page 116

1 A. Your question was?
2 Q What role, if any, did you have in
3 preparing what appears to be your answers to
4 questions posed.
5 A. I supplied the information on myself,
6 and I don't know if I provided it specifically
7 for this Mississippi application or if it's one
8 they have used over and over again. But most of
9 these questions are similar to questions that we
10 would receive on any document. I don't know if
11 in particular to this document if I generated
12 these answers. I did not type these in. I don't
13 know if Miss Green consulted with me or not.
14 Q Why don't you take each question as it
15 appears -- and if you could, read the question
16 into the record, and then simply state whether
17 the answer provided is accurate or not
18 A. Okay.
19 Q If it's not, if you could please, you
20 know, provide whatever information is needed in
21 order to make it accurate.

Page 117

1 A. Okay. "Please state your name and
2 address." This is on page 05205. The answer is
3 correct. "What is the purpose" -- that's fine.
4 Q Okay.
5 A. Page 05206 -- "Please explain the
6 nature of Buzz Telecom's business." I think Buzz
7 Telecom is a Nevada corporation, if I am not
8 mistaken.
9 Q I believe there is a document, which
10 we will get to later, that reflects it's a Nevada
11 corporation.
12 A. Okay. I am not sure what this is in
13 reference to Order 92-UA-227.
14 Q How does the sentence read?
15 A. It says, "Applicant plans to offer
16 straight interstate by including this Order
17 92-UA-227."
18 Q All right. So what you are saying is
19 you are not certain about whatever that order
20 was?
21 A. Yes, correct.

Page 118

1 Q Okay.
2 A. As far as the list of states that we
3 are authorized to sell in, I am assuming that
4 this is correct.
5 Q As of the point in time when this list
6 was prepared?
7 A. It looks okay, but --
8 Q All right. And just to interject at
9 this point, do you have any knowledge as to who
10 prepared the answers that you are looking at
11 right now?
12 A. I would think it would be Lisa Green
13 or Shannon Dennie.
14 Q. So those are the two people we should
15 probably follow up with on this?
16 A. Yes.
17 Q Okay.
18 A. The next question is, "Please describe
19 Buzz Telecom system's" -- the answer looks fine.
20 Q Okay.
21 A. The next question is what operator

Page 119

1 assistance and other services does Buzz Telecom
2 propose to offer customers in Mississippi. I
3 don't know who offers the operator toll
4 assistance. I would imagine that's the
5 underlying carrier.
6 Q How does the answer read now?
7 A. It just gives the different services
8 that we propose to offer, which would include
9 1-800 calling cards, operator toll assistance and
10 directory assistance. So operator toll, I would
11 change the 800 number to toll-free service.
12 Q Okay.
13 A. The next question is, "Does your
14 company charge for incomplete calls," and the
15 answer looks fine.
16 "How does your company deal with
17 consumer complaints," that's the next question.
18 The answer is a little bit short. It describes
19 our customer service. But it doesn't get into if
20 they are not satisfied with our customer service,
21 then Miss Green would be the person that would

Page 120

1 work with the consumer to get it fully resolved.
2 Q Okay.
3 A. The next question is, "How are
4 requests for information on rates and services
5 handled by your company." That answer looks
6 fine.
7 The next question is, "In your
8 opinion, does Buzz Telecom have managerial staff
9 to operate the proposed system in Mississippi."
10 That answer looks fine.
11 Q Okay.
12 A. "Please describe Buzz Telecom's
13 technical ability to operate the system in
14 question." The answer is a little bit short, but
15 it says -- what it says is accurate.
16 The next question is, "Please
17 summarize the financial condition of Buzz
18 Telecom." And attached is Exhibit C. I have not
19 reviewed that, so I can't really comment.
20 The next question is, "What positive
21 benefits would flow to the public of Mississippi

Page 121

1 from the certification of Buzz Telecom." That
 2 answer looks fine.
 3 The next question, "Please summarize
 4 your testimony." That answer looks fine.
 5 The next question, "Are you familiar
 6 with the allegations contained in the application
 7 filed in this case." I am not sure which
 8 allegations it's referring to at this time.
 9 Maybe I did at this point.
 10 The next question is, "Are the
 11 statements contained in this application true and
 12 correct to the best of your knowledge,
 13 information and belief." The answer is fine.
 14 The answer says, "Yes." So other than the things
 15 I already went over here, yes.
 16 Q Okay.
 17 A. "Do you accept all allegations made in
 18 this application as your additional testimony in
 19 this case?" Same answer that I just gave.
 20 Q Okay.
 21 A. "Does this conclude your testimony?"

Page 122

1 Yes -- that's fine.
 2 Q Typically when Lisa Green prepares a
 3 tariff filing, who sees it before it actually
 4 leaves Business Options' offices -- or Buzz
 5 Telecom's offices?
 6 A. At this time, I do. That has not
 7 always been the case up until, actually, maybe
 8 three months ago. I have now started reviewing
 9 every document that leaves our office out of our
 10 regulatory area. I find silly mistakes in lots
 11 of them.
 12 An example is we were applying to
 13 provide -- or to get certified in some state --
 14 (Inaudible discussion between witness
 15 and Mr. Hawa.)
 16 MR HAWA Go ahead.
 17 A. Anyway, at this time, I just made the
 18 decision where I would review all the documents.
 19 This was probably within the last three months.
 20 Prior to that, for the majority of the time we
 21 were in business, Mr. Brzycki reviewed the

Page 123

1 documents and sent them on their way. If there
 2 was a place for me to sign, he would normally
 3 have a sticky note with an arrow or something
 4 where I would sign. I probably should have
 5 reviewed all the documents very carefully, but I
 6 did not do so. In between the time that Mr.
 7 Brzycki departed and up until about three months
 8 ago, I reviewed some documents, and some I
 9 didn't.
 10 Q And with respect to the documents you
 11 did not review, what would be your understanding
 12 in terms of who reviewed those documents before
 13 they left the offices of Buzz Telecom or Business
 14 Options?
 15 A. Miss Dennie.
 16 Q Miss Denmie?
 17 A. Yes, and Miss Green.
 18 Q They would prepare them in the first
 19 instance --
 20 A. Yes.
 21 Q -- and Miss Dennie would review them

Page 124

1 before they left the building?
 2 A. Yes.
 3 Q With respect to the description of
 4 yourself that appears on bates page 05211, the
 5 first sentence where you talk about your being a
 6 graduate of the Hubbard College, et cetera. What
 7 college is that?
 8 A. It's a college in Los Angeles. It's a
 9 college that offers management courses. I went
 10 to Indiana University for four years. After four
 11 years of business school, I wasn't able to
 12 utilize a lot of the education that I received
 13 from the business school at Indiana University
 14 and had taken a couple of courses at the Hubbard
 15 College out in California and found it very
 16 valuable and things that I could actually use for
 17 my business. So then I followed that up with
 18 going through their executive director course,
 19 which is similar to a CEO course on how to be a
 20 CEO.
 21 Q So it's a graduate school of sorts for

Page 125

1 business?
2 **A. When I think of graduate school, I**
3 **think of Northwestern. It's not a Northwestern.**
4 **MR HAWA** Are you asking whether it's
5 an accredited school?
6 **Q** That would be one question.
7 **A. I believe it is an accredited college**
8 **out in California. They offer courses on**
9 **management by statistics, how to increase**
10 **efficiency in your company, how to do financial**
11 **planning. They are courses you can take and**
12 **actually apply in a business compared to basic**
13 **courses at Indiana University, which would be**
14 **more theoretical in nature. I think at one time**
15 **we studied at IU case studies between McDonald's**
16 **and Burger King. This was nice information and a**
17 **good exercise, but this was not something that**
18 **would apply in actual business when trying to**
19 **turn stats around. We may have taken a course in**
20 **financial planning, but how do you actually do**
21 **that?**

Page 126

1 **Q** I want to show you the next two bates
2 stamp pages 05212 and 05213. If you would, just
3 look over those a little bit.
4 **A. Okay. This page here?**
5 **Q** Yes, sir.
6 **A. Okay.**
7 **Q** And there is a signature that appears
8 on the page that you are looking at, which I
9 think is page 50213.
10 **A. Yes.**
11 **Q** Is that signature yours?
12 **A. Yes.**
13 **Q** And the date of appears to be 9-04-02.
14 **A. September 4, 2002.**
15 **Q** Okay. Now, we had talked briefly
16 before about Buzz Telecom and it being a Nevada
17 corporation, and I want to show you bates
18 document 05217.
19 **A. Okay.**
20 **Q** And I believe that document confirms
21 that Buzz Telecom is a Nevada corporation that

Page 127

1 came into existence in June of 2002?
2 **A. Yes.**
3 **Q** I want to show you some information
4 that appears following the document that is
5 entitled, "Application for Certificate of Public
6 Convenience and Necessity." That page is 05225,
7 and the next page, 05226 -- specifically, item
8 seven -- has some ownership percentages there to
9 reflect yourself at 68 percent and your brother
10 at 30 percent. And I believe in some earlier
11 testimony that you have given us, the correct
12 percentages are 72 and 26?
13 **A. That's correct. It's also incorrect**
14 **on this other page that you first showed me.**
15 **Right above my signature it shows 70 and 28.**
16 **Q** So at that time, it was 72 and 26 --
17 **A. Yes.**
18 **Q** -- for yourself and your brother?
19 **A. Yes.**
20 **MR SHOOK** Off the record.
21 (Discussion was held off the record.)

Page 128

1 **Q** Well, speaking of mind-numbing, we get
2 to 05228, and there is a signature that appears.
3 And if you could, please identify that.
4 **A. That's mine.**
5 **Q** All right. So even though you signed
6 this document, the reality of the ownership, at
7 least, is that it's 72 and 26 percent, and not
8 30 -- excuse me -- not 68 and 30, as reflected
9 here?
10 **A. That's correct.**
11 **Q** Now, you had referenced -- When we
12 were going over those questions and answers,
13 there was a reference to an Exhibit C, which had
14 to do with some financial information.
15 **A. Okay.**
16 **Q** There is an Exhibit C, page 05233
17 continuing on to page 05235.
18 **A. Okay.**
19 **Q** Just take a glance at those, please.
20 **A. Okay.**
21 **Q** First of all, do you have any

Page 129

1 knowledge as to who prepared those financial
2 statements?
3 **A. My assumption would be Miss Green or**
4 **Miss Dennie.**
5 Q And what materials would they have to
6 rely on in order to prepare such a financial
7 statement?
8 **A. It looks to me that they just ran a**
9 **report out of Quick Books.**
10 Q What is Quick Books?
11 **A. It's an accounting software program**
12 **where you enter checks and income and deposits.**
13 Q So there is raw information, if you
14 will, in this Quick Books program; and in order
15 to extract it in some kind of form to prepare a
16 financial statement, there are some commands that
17 you can give?
18 **A. You punch profit and loss, and then**
19 **you enter the dates.**
20 Q Now, with respect to Buzz Telecom, we
21 understand from the earlier document, that it

Page 130

1 came into existence in June of 2002. And that
2 from earlier testimony you have given us, you
3 know Buzz Telecom is still essentially seeking
4 authority to operate in various states?
5 **A. Yes.**
6 Q So in terms of an income for Buzz
7 Telecom, is the reality here that the income was
8 really Business Options income; and that for
9 reasons, which you can explain, it appears to be
10 reported in this application as Buzz Telecom
11 income?
12 **A. That would be more of an accounting**
13 **question that I would defer to them. But I think**
14 **your concept is correct, and that is going back**
15 **to our basic plan was to become one telephone**
16 **company, to get certified, and have all the**
17 **income that we make in one set of financial**
18 **documents. Did that answer your question?**
19 Q I think so.
20 **A. Okay.**
21 Q So in other words, on page 05235, the

Page 131

1 top item of ordinary income/expenses for the
2 period of July 1 through September 11, 2002 --
3 the figure that appears here for long-- distance,
4 that would be income that was actually generated
5 by Business Options, Inc. paying customers?
6 **A. Yes.**
7 Q Now, the pages that follow must be
8 some of the most exciting literature in the
9 course of human events; that being, the tariff;
10 okay? I am sorry.
11 **A. No, I understand what you are talking**
12 **about.**
13 Q There are a number of figures that
14 appear. And if you could, briefly give us an
15 idea of what it is these figures are supposed to
16 represent.
17 **A. The first figure is a -- it's for Buzz**
18 **Telecom's standard rate, which would be**
19 **represented in open network if someone, without**
20 **our knowledge, got put on our service. The**
21 **second figure is for the Buzz Telecom super-saver**

Page 132

1 **program, and that shows an intrastate rate, and**
2 **then it has monthly service fee. Then below**
3 **that, we have a super-saver program for seniors,**
4 **which would be a product we established similar**
5 **to a senior citizen discount at a movie.**
6 Q So that figure is slightly lower than
7 the regular super-saver?
8 **A. Yes.**
9 Q You get a better deal when you get a
10 little older?
11 **A. Yeah, exactly. And currently, our**
12 **super-saver is 5.9 cents per minute, and our**
13 **super-saver for seniors is 5.6 cents per minute,**
14 **so it's five or ten percent lower.**
15 Q So the first figure you mentioned is
16 for the regular super-saver; and the second
17 figure, the lower figure, is super-saver for
18 seniors?
19 **A. The first figure is open network; the**
20 **second figure is our super-saver; the next figure**
21 **was our super-- saver for seniors; the fourth**

Page 133

1 would be our business rate; and the fifth is a
2 rate that our customer service and staff could
3 give out to someone who wanted to cancel our
4 service. Or for whatever reason, they could
5 offer them a better rate.

6 Q So basically with respect to these
7 figures that appear in the tariff, these are the
8 figures that Buzz Telecom plans to charge
9 whatever customers it can get who will sign
10 onto --

11 A. Yes.

12 Q -- the services that are mentioned
13 here?

14 A. Yes.

15 Q Now, what is your understanding as to
16 what flexibility, if any, Buzz Telecom has to
17 change the figures that appear in this tariff
18 offering?

19 A. I think we are supposed to file a new
20 revision of tariff if we want to change our
21 rates.

Page 134

1 Q Now, following Exhibit F -- Well,
2 Exhibit F appears to be what is called
3 "Interested Parties," and that begins on page
4 05303. There is a fairly substantial list of
5 entities that extend to page 05322. And as I
6 said, they are identified as interested parties.

7 A. Okay.

8 Q What is the common thread among all of
9 these, that you are aware of?

10 A. I don't know what that list is, but I
11 know that I commonly get direct mail from them to
12 enter into the market or changing their service
13 in the state of Mississippi. I don't know if
14 they do something different there, but I am
15 assuming that --

16 MR HAWA May I see that for a
17 minute?

18 MR SHOOK Sure Go ahead and finish
19 answering. I will shed some legal light on it
20 after you finish answering the question.

21 WITNESS That's my answer.

Page 135

1 MR HAWA It's just a service list.
2 Mississippi requires a list of all service
3 providers.

4 MR. SHOOK Thank you.

5 BY MR SHOOK

6 Q Now, another document that you
7 provided us pursuant to our request for
8 production begins at page 05196 and extends
9 through 05200. And it appears to be an order
10 from the Mississippi Public Service Commission
11 that grants the application for certificate of
12 public convenience and necessity filed by Buzz
13 Telecom. I want you to look at it; and if you
14 could, please confirm my understanding.

15 A. Okay.

16 Q So what I handed you, to your
17 understanding, is an order which grants Buzz
18 Telecom authority to provide resale of
19 long-distance telephone service in the state of
20 Mississippi?

21 A. Yes.

Page 136

1 Q And as I understand it, though, Buzz
2 Telecom has not yet begun to provide such
3 service?

4 A. To the best of my knowledge, correct.

5 Q Rather, all such service is still
6 being provided through Business Options, Inc.?

7 A. Yes.

8 Q I want to show you a series of
9 documents, and I am going to ask you a couple of
10 questions representative to each. The first
11 document that I am handing you is titled,
12 "Business Options, Inc., Profit and Loss, January
13 through December, 1999." And it has bates stamp
14 numbers 06503 and 06504.

15 A. Okay.

16 Q Do you have any knowledge as to who
17 prepared that document?

18 A. No.

19 Q Do you have any -- What is your
20 understanding as to whether the income figure
21 that appears there for Business Options, Inc. is

Page 137

1 accurate?
2 MR HAWA I am going to object. You
3 asked that question in the context of the tax
4 returns for the same period of time, and that was
5 answered. Is there something new here?
6 Q Well, as far as that goes, it would
7 probably be appropriate for me to give you the
8 tax returns so you can look at the two figures.
9 A. **Is this document in something?**
10 Q We pulled it out as we found it.
11 A. **I mean, was it in a tariff? That**
12 **would be my question.**
13 Q Not that I am aware of. It's
14 conceivable that it was. But given the date --
15 the date that this was generated, it appears to
16 have been generated in 2002.
17 A. **Okay.**
18 Q And you will note that the income
19 figure appears to be noticeably different. They
20 are supposed to cover the same period of time --
21 the documents are supposed to cover the same

Page 138

1 period of time, but there appears to be a
2 substantial discrepancy for the income of
3 Business Options, Inc. I guess the real question
4 I have here is whether you had any explanation
5 for those apparent differences.
6 A. **I don't. In this --**
7 Q This, meaning the tax return?
8 A. **In the tax return, it looks like I**
9 **made a lot more money. So this other is -- I**
10 **don't know, but that would be in my favor.**
11 Q From a tax standpoint, probably not.
12 The next two documents that I am going to hand
13 you is the 2000 U.S. Income tax return for
14 Business Options, and then the other document is
15 bates stamped pages 06505 through 06507.
16 A. **Okay.**
17 Q And it bears the title of, "Business
18 Options Balance Sheet as of December 31, 2000."
19 If you look at the pages that follow the Business
20 Options, Inc. profit and loss for the year for
21 the period of January through December 2000,

Page 139

1 again you will notice with respect to revenue or
2 total income revenue that there is a rather
3 substantial difference between what appears on
4 the profit and loss statement as opposed to what
5 appears on the tax form.
6 Now, to help you, perhaps, with an
7 answer to the question I haven't asked yet, I am
8 also going to show you the 2000 U.S. Corporate
9 Income Tax Return for U.S. Bell, and you will
10 note that the gross receipts figure is rather
11 close to the income figure that appears on the
12 profit and loss statement that you are looking
13 at My question is, is what you are seeing
14 consistent of what we were talking about
15 before -- that although the income was in fact
16 generated by Business Options, Inc., it was
17 reported to the federal government, the Internal
18 Revenue Service, as income for U.S. Bell?
19 A. **It would be correct to say that it was**
20 **generated by Business Options customers, yes, and**
21 **reported as one umbrella, if you will, income**

Page 140

1 **grouped together and reported --**
2 Q Reported to the Internal Revenue
3 Service as income to U.S. Bell instead of income
4 from Business Options?
5 A. **Yeah.**
6 Q This is as much to help us interpret
7 and understand the differences between these
8 profit and loss sheets and balance statements --
9 A. **Yes.**
10 Q -- and the tax returns.
11 A. **Okay. So, yes, the intent of what you**
12 **are saying is correct. The income for U.S. Bell,**
13 **line one, for gross receipts, is generated by**
14 **Business Options customers. And I made a note as**
15 **you were going through all this to write a new**
16 **policy on financial reports being sent out to be**
17 **signed and consistent. Thanks for the bright**
18 **idea.**
19 Q Now, with respect to the 2001 U.S.
20 Corporate Tax Return for U.S. Bell, if you will
21 note the gross receipts figure on the Business

Page 141

1 Options, Inc. balance sheet, beginning at 06506,
2 and the profit and loss statement that appears at
3 06509 and 06510, you will note that there is a
4 happy coincidence between the total income figure
5 that appears for Business Options and the income
6 that is reported for U.S. Bell.
7 **A. I finally have numbers that match.**
8 Q To the dollar, this time.
9 **A. Yes. That's good -- we are getting**
10 **better.**
11 Q A happy circumstance.
12 **A. Yes.**
13 Q And the explanation is --
14 **A. The same.**
15 Q -- that the income was generated
16 through Business Options customers, but it was
17 reported to the Internal Revenue Service as U.S.
18 Bell income?
19 **A. Yes.**
20 Q All right Can you tell me what
21 Crusade Communications, Inc. is?

Page 142

1 **A. No. Do you have something for me to**
2 **take a look at?**
3 Q Let me show you -- There are three
4 documents -- one is a 1999 treasury form 1120-S.
5 **A. Uh-huh.**
6 Q One is a 2000 form bearing the same
7 number.
8 **A. Okay.**
9 Q And the final one is a 2001 form
10 bearing the same number.
11 **A. Okay.**
12 Q And you will notice that on the first
13 page, where it has following the letter "B,"
14 business code number. That number is 454390, the
15 same number that appears for Business Options,
16 Inc. So it appears that the entities in question
17 are doing at least similar business, if not the
18 same business.
19 **A. Yeah. Crusade Communications is**
20 **probably along the line of what U.S. Bell would**
21 **up being. We were attempting to get into the**

Page 143

1 **infinity marketing with different groups that**
2 **needed to earn revenues. So we were trying to**
3 **distribute or market our products through**
4 **different groups, and that became Crusade**
5 **Communications.**
6 Q What products did Crusade
7 Communications market?
8 **A. They were an agent for Business**
9 **Options long-- distance.**
10 Q Oh, okay. So in terms of Crusade
11 being similar to U S Bell, what we are talking
12 about is an entity that is selling Business
13 Options products, and it just happens to be
14 Crusade this time instead of U.S. Bell?
15 **A. It's a predecessor to U.S. Bell,**
16 **right. I can't recall going back five years what**
17 **my thought was, other than I know that we wanted**
18 **to market through infinity groups, and Valparaiso**
19 **University are the Crusaders and where I live, so**
20 **Crusade. I don't know if that's where the name**
21 **came from, but --**

Page 144

1 Q It makes as much sense as anything.
2 **A. But to my knowledge, I don't think we**
3 **ever tried to get certified as a long-distance**
4 **carrier under Crusade Communications.**
5 Q According to the 2001 tax return,
6 Crusade Communications essentially stopped.
7 **A. Yeah. Again, we are trying to put**
8 **everything under one company. Any company we**
9 **ever incorporated we are -- what's the legal**
10 **term?**
11 Q Consolidating?
12 **A. Putting to bed, killing.**
13 Q Oh, okay.
14 MR HAWA Wind down.
15 Q All right. We talked briefly about an
16 entity called USBI before, and I want to ask a
17 question or two, again related to USBI
18 **A. Sure.**
19 Q Has USBI ever imposed a charge upon a
20 Business Options, Inc. customer, which charge was
21 not authorized by Business Options, Inc.?

Page 145

1 A. I don't know.
2 Q I want to show you an individual's
3 telephone bill, and perhaps we can find out some
4 thing relative to that.
5 A. Okay.
6 Q The individual in question is named
7 Barbara Beeson. She happens to be one of the
8 people that claimed about having been slammed.
9 A. Yes.
10 Q And the phone bill that I am going to
11 show you is one that is not complete in the sense
12 that we are missing some pages here.
13 A. Okay.
14 Q And it also has been cut off in part,
15 so it's not necessarily easy to read.
16 A. Okay.
17 Q And the page appears to be page five
18 out of ten pages of a statement for the period
19 ending April 4, 2002.
20 A. Okay.
21 Q There are a series of figures; and as

Page 146

1 I said, some of them appear to be cut off, so we
2 are not going to know with absolute certainty at
3 this point what they are.
4 A. Okay.
5 Q But if you could, please take a look
6 at that, and then I will ask some questions about
7 it.
8 A. Okay.
9 Q Okay. The first two charges that
10 appear toward the top -- if you would, tell me
11 what your understanding of those two charges are.
12 And if you have any recollection as to what those
13 figures are, you could let me know.
14 A. Okay. \$3.75 and \$4.90. One is
15 monthly service fee, and one is related to "on
16 behalf of the university" fee.
17 Q And then with respect to the charges
18 that appear below that, I take it those are
19 simply the charges that were imposed for the
20 long-distance telephone calls that were made as
21 reflected in the statement?

Page 147

1 A. Yes.
2 Q Okay. Now, with respect to the
3 super-saver monthly charge, that was something
4 that we had talked about before --
5 A. Yes.
6 Q -- as being one of the things that you
7 let a customer know --
8 A. Yes.
9 Q -- in the marketing script?
10 A. Yes.
11 Q And it also appears in the
12 verification script --
13 A. Yes.
14 Q -- that the individual is going to be
15 paying \$4.90 a month to obtain the benefits of
16 the super-saver program?
17 A. Yes.
18 Q And do you have any knowledge as to
19 how that \$4.90 is accounted for in terms of
20 intrastate versus interstate revenue or if it's
21 accounted for in that fashion at all?

Page 148

1 A. I don't know how it was.
2 Q Would that be something you believe
3 your accountant would know?
4 A. No. I think Mr. Brzycki would know,
5 or Miss Dennie would know.
6 Q Okay.
7 A. That's something I could find out.
8 Q Now, with respect to the Universal
9 Service Fund usage, which I think you indicated
10 was probably \$3.70, although the figure is rather
11 smudged here --
12 A. Uh-huh.
13 Q -- do you have any understanding as to
14 what portion of that was meant for the state
15 Universal Service Fund that you indicated you had
16 to write checks to on a regular basis?
17 A. We didn't break it down by percentage.
18 We just charged a flat fee of \$3.75, and then we
19 paid whatever portion we needed to the states,
20 and we were also paying to the federal
21 government, too.

Page 149

1 Q Do you know who it was who authorized
2 USBI to impose that \$3.75 charge?
3 A. I would have had to authorize that, if
4 that's what you are asking.
5 Q Well, it may be that ultimately you
6 would be responsible for it, but my question is
7 more whether or not you know who authorized it.
8 And if you are the person that did so, that's
9 fine.
10 A. It would have been either myself or
11 Mr. Brzycki. Anything that had to do with
12 USBI -- We treated USBI similar to the states,
13 and we handled all of the communication going
14 back and forth through our regulatory affairs
15 area, which is where Mr. Brzycki was.
16 Q Do you have any knowledge as to when
17 USBI started to collect the Universal Service
18 charge on behalf of Business Options?
19 A. It was -- I don't know the exact date,
20 but it was around the time that the "pick-freeze"
21 stopped being charged, somewhere around that

Page 150

1 time.
2 Q If you could explain for our benefit,
3 what is that charge?
4 A. If the local exchange carrier changed
5 our customer's service to another service, we
6 switched them back. We charged our customer, and
7 we were in turn charged by the underlying
8 carrier. I think when that stopped, we started
9 charging a universal charge of an equal amount.
10 Q In terms of the state universal
11 service, do you have any recollection as to when
12 it was you started to write the checks that you
13 had mentioned before to State Universal Service
14 Funds?
15 A. I don't recall not writing check to
16 Universal Service Funds.
17 Q That's just been part of the business
18 from as far back as you can remember?
19 A. Yeah.
20 Q That statement happens to be a little
21 clearer This is the statement to Miss Beeson

Page 151

1 and her husband for the period ended June 4,
2 2002.
3 A. Okay.
4 Q And focusing your attention on page
5 five of six, you will see that there is some
6 billing here for USBI on behalf of Business
7 Options, Inc.
8 A. Okay.
9 Q And the figure that you had mentioned
10 before -- the \$3.75 figure appears on this
11 bill --
12 A. Uh-huh.
13 Q -- we can see it this time --
14 A. Yes.
15 Q -- for Universal Service. Now, I
16 think we had discussed earlier that when an
17 individual would receive a telemarketing call,
18 that the individual was informed of what the
19 Super-Saver monthly charge would be, and that was
20 the \$4.90.
21 A. Uh-huh.

Page 152

1 Q And that the intrastate rate for calls
2 was 5.9 cents or whatever it was.
3 A. Yes.
4 Q But as I understood it, there was no
5 mention of the monthly fee for whatever the
6 Universal Service was going to be; correct?
7 A. That's correct. We actually -- When
8 we put it in our scripts and submitted them to
9 the sales and verification people, our scripts
10 were disapproved, and we were asked to take that
11 out.
12 Q For the Universal Service charge that
13 you were going to impose?
14 A. Yes.
15 Q Okay. Did that rejection -- is that
16 rejection in writing anywhere?
17 A. I don't know.
18 Q Okay. If that's something you could
19 locate, I would like to see it.
20 MR HAWA What is it that you want?
21 MR SHOOK The scripts that proposed

Page 153

1 to include the reference to the Universal Service
2 charge.
3 **A. It may have been a rejection to put**
4 **the pick-freeze charge in. I don't know if it**
5 **was pick-freeze or USBI that was rejected.**
6 Q Whatever along those lines that you
7 could find.
8 **A. Yes.**
9 Q Now, I think we also discussed whether
10 or not the intrastate rate had been mentioned in
11 the telemarketing call, and it was my
12 recollection that you had testified that was not
13 included?
14 **A. It's not included because it changes.**
15 **It's different in the different states.**
16 **Especially when we first started selling, all the**
17 **states across the board were different. Our**
18 **sales reps would indicate that our rates are**
19 **competitive, that we keep our rates on intrastate**
20 **calling the same as what everyone else is**
21 **selling -- well, the big companies.**

Page 154

1 Q But the rate itself was not actually
2 mentioned to the potential customer?
3 **A. If the consumer ever wanted to know,**
4 **all of our telemarketers have or our outside**
5 **sales people all have our intrastate rates**
6 **available.**
7 Q There was a chart they would refer to
8 of some kind?
9 **A. Yes.**
10 Q What we are talking about here is
11 telemarketing to a prospective customer, and
12 there are certain things that are not mentioned
13 If it turns out, as you say, there is
14 constructive notice as to what the intrastate
15 toll charge would be, so be it.
16 MR HAWA Could I ask for
17 clarification on that?
18 MR SHOOK Sure.
19 MR HAWA There is constructive
20 notice of rates or notice of if you are filing
21 tariff. There is notice that the customer

Page 155

1 receives.
2 MR SHOOK Right. What we are
3 talking about here is telemarketing call to a
4 prospective customer, and there are certain
5 things that are not mentioned. If it turns out,
6 as you say, that there is constructive notice as
7 to what the intrastate toll charge would be, so
8 be it.
9 MR HAWA Okay. So he is not talking
10 about the notice from filing tariff, but to the
11 consumer.
12 WITNESS The verification companies
13 were always given copies of our intrastate rates
14 also in case it came up.
15 BY MR SHOOK
16 Q In case the question was asked by the
17 prospective customer --
18 **A. Yes.**
19 Q -- "What will I be paying for
20 intrastate toll calls?"
21 **A. Yes. And I think there is a place on**

Page 156

1 **our order form that the sales rep is filling out**
2 **to put in the intrastate rate. I am completely**
3 **certain that the form we use has this.**
4 Q Now, I want to go over some
5 information that appears in the admissions -- the
6 questions and the answers.
7 **A. Okay.**
8 Q Why don't I give you a copy, because
9 that has the answers, and I can look at the
10 questions that we have got here.
11 **A. Okay.**
12 Q Now, the first ones that I would like
13 you to look at, I believe they are paired in a
14 way. So it would be admissions question number
15 84 and 102.
16 **A. The first group here?**
17 Q No.
18 **A. Okay.**
19 Q It will probably take you awhile to
20 actually get to them.
21 **A. Questions 82 through 92, you said?**

Page 157

1 Q No, 84 to 102.
2 A. Here's 84, okay.
3 Q And then look at 102 as well. They
4 are basically concerning pretty much the same
5 matter. One of them is focusing more on -- or
6 one of them refers to interlateral tolls, and the
7 other one refers to calling the same person for
8 the same period of time.
9 A. Okay.
10 Q All right. And you will note --
11 Before we go on, you will just note the answers
12 that were provided
13 A. Yes.
14 Q Now, it's our understanding that
15 notwithstanding the fact that there was no
16 authorization on the part of Miss Beeson during
17 that period that's noted here -- April 15 through
18 April 23, 2002 -- that a request to switch her
19 service was made. And we understand that an
20 earlier switch had occurred.
21 A. Yes.

Page 158

1 Q But that had occurred following a
2 telephone conversation between, first, a
3 telemarketer and Miss Beeson and then the
4 verification call.
5 A. Yes. I am sorry -- could we do this a
6 little more slowly because I don't have a
7 recollection. So this is with Miss Beeson?
8 Q Right. What I am leading up to is
9 that in March we have records of telephone
10 conversations that took place --
11 A. Uh-huh.
12 Q -- first between the telemarketer and
13 Miss Beeson and then a verifier --
14 A. Yes.
15 Q -- and Miss Beeson.
16 A. Right.
17 Q Whereas in April, we don't have this;
18 we don't have a record of a telemarketer call or
19 verifier call, and yet a change ultimately took
20 place --
21 A. Yes.

Page 159

1 Q -- as reflected in the June statement
2 that I showed you for Miss Beeson.
3 A. Okay.
4 Q And what I was wondering is, could you
5 explain to us how it was that this change for
6 Miss Beeson came about.
7 A. Yes. Should I just elaborate on this?
8 MR HAWA Yeah.
9 A. Okay.
10 MR HAWA Just tell him what occurred
11 and the timeframe for the policy.
12 A. Okay. After we made the telemarketing
13 call, we would follow up that phone call with
14 another call and offer the customer the
15 opportunity to have a pick-freeze, and we would
16 help them procure that by calling the local
17 telephone company for them. So most of the time,
18 they would say yes. We would call them the same
19 day or the next day after we talked to them after
20 the phone call and --
21 MR HAWA Do you want to explain what

Page 160

1 a pick-freeze is?
2 WITNESS Okay.
3 MR HAWA. Okay. Go ahead.
4 BY MR SHOOK
5 Q I was going to ask eventually, but go
6 ahead.
7 A. A pick-freeze is when the customer
8 chooses your service, and they want your service
9 until they instruct the local phone company that
10 they don't want our service anymore. So by them
11 saying yes to a pick-freeze, they are in fact
12 saying no matter what happens, they want to be
13 with unless they say otherwise.
14 Q I see. So this kind of -- this
15 pick-freeze ensures that another company --
16 another long-distance company can't come in and
17 make a claim on behalf of the individual that the
18 individual wants to switch service to the new
19 company?
20 A. Right.
21 Q Instead, the only way that change can

1 take place is if the customer him or herself
2 calls the local company and said, "I want to
3 change from Company A to Company B."
4 A. Yes.
5 Q All right. So you were making mention
6 of a pick-freeze, and it has some relation to the
7 Beeson situation?
8 A. Yes. So just about every customer
9 that we contacted would want that service, and we
10 would then three-- way call with them to the
11 local carrier, and the carrier would actually do
12 something -- put a note or something on their
13 account. And then -- I don't know when it
14 started or what decision prompted it, but the
15 local carriers; namely, Ameritech; stopped doing
16 that -- stopped offering pick-freezes. And it
17 became -- well, actually before that, it because
18 burdensome. We would get the customer on the
19 phone; they would say yes to it; and we would
20 three-way call the local carrier. It would take
21 25 minutes to actually get through to an

1 operator. That was problematic, but it was still
2 worth it. Without it, you could have a customer
3 one day; and two days later, they would be
4 switched right back to another company. So by
5 using a pick-freeze with the consumer, it would
6 keep them with our company.
7 So as time went on, all of a sudden
8 the length of calls -- you know, our customer had
9 to sit on the line, and that became problematic.
10 The customer wanted our service, they wanted the
11 pick-freeze, but they didn't want to sit on the
12 phone with the local company for 25, 30 minutes.
13 I don't know what caused Ameritech to stop
14 offering pick-freezes, but they did. They say,
15 "No, we don't offer that service anymore."
16 So at that point, we put together a
17 program to offer the customer at the time of the
18 sales call the opportunity that we would
19 pick-freeze them. And if they wanted to cancel
20 their service with us, they agreed to contact us
21 directly. And if we did not hear directly from

1 them and we noticed that they hadn't canceled and
2 that they didn't have any usage -- I mean, they
3 weren't making any phone calls, that we would go
4 ahead and put them back on our service.
5 So each of these cases that you
6 presented before me fall under that category --
7 they fell under our pick-freeze process.
8 Q So, in other words, when the initial
9 telemarketing call was made to these eight
10 individuals that are referenced here in our
11 proceeding and that we are essentially accusing
12 you of having slammed these individuals --
13 A. Right.
14 Q -- that is one of the things that took
15 place during this first telemarketing call was an
16 offer on the part of Business Options, Inc. to
17 pick-freeze these individuals and that there were
18 certain steps that they had to take in order to
19 switch telephone service. Is that the gist of
20 what you are saying?
21 A. It's the gist of that, but it was not

1 that detailed. It was more direct. If you want
2 to cancel your service, with us, you need to call
3 this phone number.
4 Q By "this phone number," a phone number
5 at Business Options?
6 A. Yes.
7 Q Or Buzz Telecom, or whatever?
8 A. Yes.
9 Q And the individual was told this?
10 A. They were supposed to be told that.
11 And, again, it was to be reiterated in the
12 verification script. And in reviewing the
13 documentation and also in reviewing the taped
14 authorizations, I don't know if the phone number
15 was given out at that time or not.
16 Q Well, let me tell you that with
17 respect to the five verification scripts that I
18 have seen, I do not recall seeing any reference
19 to the policy that you mentioned by the verifier.
20 I cannot tell you one way or the other whether I
21 have seen or heard anything like that relative to

Page 165

1 the telemarketer --
2 **A. Right.**
3 Q -- but certainly I did not see that
4 with respect to the verifier.
5 **A. Right. Neither did I. At least, I**
6 **don't recall seeing anything, so -- I mean,**
7 **that's the way -- that's the short history of it,**
8 **and that's how it was supposed to work. The**
9 **consumer was supposed to be communicated to that**
10 **if they wanted to cancel our service, they needed**
11 **to contact us. Otherwise, we would service them**
12 **by just putting them back on our service. We**
13 **have a very competitive rate and have a good**
14 **product. And the response, when we were calling**
15 **people up and offering them a pick-freeze, was**
16 **just about unanimous that they wanted that.**
17 **And what was to be done compared to**
18 **what was actually done with these five**
19 **customers -- or eight customers, I think there**
20 **are -- I am not sure that they were handled**
21 **exactly correct. This is one of our procedures**

Page 166

1 **that we reviewed with our counsel, and they**
2 **recommend that we cease that pick-freeze process**
3 **altogether, which we have done so.**
4 Q So roughly how long was this
5 pick-freeze policy in place?
6 **A. I would guess two years.**
7 Q And so for a customer to effect a
8 change to another company, the customer was
9 required to call Business Options --
10 **A. Yes.**
11 Q -- and notify Business Options, "Yes,
12 in fact I am changing my long-distance service
13 from Business Options to whatever."
14 **A. Right. They had to say, "We don't**
15 **want you anymore." Our number was the phone**
16 **number on the telephone bill that they had. So**
17 **typically, if they were going to call anybody,**
18 **they would wind up calling us.**
19 Q So that number was there for purposes
20 not only of questions or comments, but also if
21 they wanted to effect a change in service from

Page 167

1 Business Options to another entity?
2 **A. Yes.**
3 MR SHOOK Off the record. Well,
4 let's take a five-minute break.
5 (A short break was taken.)
6 Q All right. With respect to the pick
7 freeze process that you've described, you
8 indicated that you certainly were aware of that.
9 Do you know whether your brother Keanan was aware
10 that was the policy that the company had?
11 **A. Yes.**
12 Q And do you know if Mr Brzycki was
13 aware that was the policy the company had?
14 **A. Yes.**
15 Q And considering that the policy
16 apparently carried over until sometime this year,
17 from discussions that we've had, do you know
18 whether Miss Green was aware of the pick-freeze
19 policy?
20 **A. I don't know.**
21 Q Do you know whether Shannon Dennie was

Page 168

1 aware of this pick-freeze policy?
2 **A. I don't know.**
3 Q Now, could you roughly describe the
4 process by which a customer actually becomes a
5 Business Options customer after the telemarketing
6 call takes place and the customer says, "Yes, I
7 want to choose Business Options."
8 **A. Okay.**
9 Q Describe for me, if you can, how we
10 get from that point to the point where the
11 customer is actually receiving Business Options
12 services and then receiving a bill?
13 **A. Okay. The order is written up and is**
14 **verified by a verification company. The**
15 **verification company sends the orders that were**
16 **successful to our data entry people. Data entry**
17 **then enters the customer information. And I**
18 **think daily or weekly an electronic file is**
19 **created and sent off to our underlying carrier,**
20 **who then would forward that file and break it out**
21 **into the different LEC's. And then the**

1 customer's information goes to the local exchange
2 carrier, who then pick those customers to us.
3 Once the customer starts making phone calls, then
4 the call records -- the underlying carrier would
5 send them back to us. We take those calls, and
6 we assign those calls a rate and send it on to
7 USBI, who would then forward those charges to the
8 customer's local exchange carrier, and they get
9 those charges on the bill.

10 Q Now, in terms of some of the steps
11 that you mentioned, the verifier sends the
12 information relative to the respective customer
13 back to whom? Who is it that actually physically
14 gets the information from the verifier?

15 A. I believe at the end of the day the
16 verification company -- at least how it was
17 working prior to us switching to the company in
18 Florida -- they were taking all the successful
19 customer orders and then taking them and putting
20 them in a box somewhere where the data entry
21 people can get them -- a mailbox.

1 Q And the data entry people are the ones
2 who are supervised by Shalanda?

3 A. Yes, so she would be better to answer
4 that question.

5 Q So Shalanda's people at that point
6 enter the data into what?

7 A. They have a computer, and they have
8 some type of software that they enter it into --
9 some type of database.

10 Q So after the data entry takes place, a
11 report is generated, and you indicated it could
12 have been on a daily basis, but it could also
13 have been on a weekly basis?

14 A. I didn't say report; I said the data.
15 Let's say we have a hundred orders today. At the
16 end of the data entry, after data entering these
17 orders, they would be grouped together and
18 created into an electronic file and then sent off
19 to the underlying carrier.

20 Q And do you know how often that it was
21 sent off to the carrier?

1 A. I don't know.

2 Q What was the usual time lag between
3 the time that the verifier dropped the
4 information in the box to the point where the
5 information was sent to either Quest or Global
6 Crossing?

7 A. I think The Verification Company kept
8 all their orders throughout the day. And at the
9 end of the day, they would send them, put them in
10 the mailbox, and then the data entry people would
11 get them the next day when they came in. And the
12 next day they would go ahead and data enter them.
13 And probably, if they sent them off, it would be
14 the same day. I think the customer would be
15 picked within three to ten days.

16 Q So there was at least a one-day time
17 lag between the telemarketing and the
18 verification calls to the point where the request
19 for a change was actually sent to Quest or Global
20 Crossing?

21 A. I believe that to be true.

1 Q. And then once Quest or Global Crossing
2 had the information that there was to be a change
3 in long-distance service provider to Business
4 Options, about how much time was it your
5 understanding that it took for that information
6 to then reach the local exchange carrier?

7 A. I am going to answer that in two
8 parts, actually. What is the reported time frame
9 or guaranteed time frame for doing it, and what
10 is our understanding as to the actual.

11 Q So they had a guarantee?

12 A. I think that they would stay within 3
13 days to 28 days. It's not like, "It will be done
14 tomorrow or the next day." And I think, I think
15 we're safe to quote within five to seven days --
16 within five to seven business days we would
17 switch. It may have been faster than that, but I
18 really don't know.

19 Q I understand that a certain amount of
20 that is not in your control at all.

21 A. Yeah, we would data enter them the