WOMBLE
CARLYLE
SANDRIDGE
& RICE
A PROFESSIONAL LIMITED
LIABILITY COMPANY

Seventh Floor
1401 Eye Street, N.W.
Washington, DC 20005

Telephone: (202) 467-6900
Fax: (202) 467-6910
Web site: www.wcsr.com

Mark J. Palchick
Direct Dial: (202) 857-4411
Direct Fax: (202) 261-0011
E-mail: mpalchick@wcsr.com

October 23, 2006

FILED/ACCEPTED

OCT 23 2006

Federal Communications Commission
Office of the Secretary

Ms. Gina Spade
Federal Communications Commission
445 12th Street, SW
Room 5-C330
Washington, DC 20554

Re: Follow up information: Docket Numbers CC 02-60; CC 96-45; CC 97-21; WC 03-109; and WC 05-195

Dear Ms Spade:

We met with you and other members of the Wireless Competition Bureau on August 15, 2006. On the 15th, we also met with Commissioner Adelstein, Scott Bergmann, Scott Deutchman, Dana Shaffer, and Michelle Carey. The purpose of this letter is to respond to the following requests for additional information which were made as a result of our August 15, 2006 meetings.

1. Why did the number of service providers in Mississippi decrease from 105 to 55 during the period 1998 to 2005.
2. What schools receive service from Synergetics.
3. Where there have been selective reviews of Synergetics billed entities, what was the result.
4. What were the reasons that Synergetics billed entities were denied funding and the dollar value of the denials.
5. Where any of Synergetics billed entities denied funding because of pattern analysis and if so what was the dollar value of the denials.
6. Does Synergetics know what could have triggered the selective reviews.
7. Summary of Synergetics meeting with the USAC representatives.

We will address each of the questions below.

1. Decrease in Mississippi service providers

Trying to determine the reason for the drastic decline in E-Rate providers in Mississippi was difficult and time consuming. Synergetics created a list, based on the Schools and Libraries website, of Mississippi service providers that received more than $5,000 in E-Rate funds from 1998 –2005. There were a 130 service providers that met this criteria. Synergetics attempted to

No. of Copies rec'd 0
List ABCDE

call each of these 130 service providers. As can be seen on Exhibit 1, as a result of Synergetics inquiries, it was learned that:

- Only 3 were acquired by other companies;
- 6 are no longer in business;
- 19 no longer participate in the E-Rate program;
- 17 were willing to participate but had no recent E-Rate activity;
- Synergetics was unable to contact 37; and
- Only 48 are still active participants

2. What schools receive service from Synergetics

Exhibit 2(a) lists the schools in Mississippi that are active customers of Synergetics. Of the 152 school districts in Mississippi, 34 participated in the E-rate program in 2004 and/or 2005 as customers of Synergetics. Exhibit 2(b) lists the K-12 billed entities where Synergetics provided service under the E-rate program in either 2004 or 2005.

3. Effect of Selective Reviews on Synergetics billed entities

In 2003 and 2004 all FRNs that listed Synergetics as a service provider under went Selective Review. As will be discussed further below, we have no way to definitively identify the reasons whether a given funding request was part of a Selective Review. To try to determine the effect of Selective Reviews, we examined the reasons for denial of funding given in each Funding Decision Commitment Letter ("FCDL") received by a billed entity for Synergetics' provided services or products from 1998 through 2005. These denials were then divided into two groups. Group 1 are the denials which would be a normal part of the E-rate process, and, therefore, unlikely to be the basis for a Selective Review. Group 2 are the denials where the actions of the service provider or the billed entity were called into question, and, therefore, could have been the result of a Selective Review[1]. Exhibit 3 (a) provides a summary of the reasons given for denial of funding in each FCDL, and allocates each denial into either Group 1 Reasons or Group 2 Reasons. In 2003, 40 FRNs totaling $799,405 were denied for Group 2 Reasons. In 2004, 49 FRNs totaling $769,086 were denied for Group 2 Reasons. No FRNs have been denied for Group 2 Reasons thus far in Funding Year 2005. The percentage of the total number of FRNs that listed Synergetics as a service provider that were denied because of Group 2 Reasons went from 0% in 1999 to 49% in 2004. Exhibit 3(b) contains an analysis of the denials from 1998 through 2005.

[1] Typical Group 1 Reasons include: ineligible entities, products or services; applicant cancelled request; and Funding Cap. Typical Group 2 Reasons include: price not the primary factor; failure to prove that funds available; no signed contract before filing of Form 471; and pattern analysis.

4. **Reasons That Synergetics billed entities Were Denied Funding and the Dollar value of Denials**

From 1998 to 2002, Synergetic's billed entities were denied funding only because of Group 1 Reasons. From 1998 to 2002 none of the denials were for Group 2 Reasons All that changed in 2003 (the first year of selective review). In 2003, of the 70 FRN denials, 40 of them (57%) were for Group 2 Reasons. In 2004, 49 of the 152 denials (32%) were for Group 2 Reasons. The amount of funding lost because of Group 2 Reasons is substantial:

- Documentation that price was the primary factor was not provided ($142,800 lost funding since 2003);
- Proof that the billed entity could pay their portion of the charges was not provided ($1,123,205 lost funding since 2003);
- Proof that the contract was signed and dated before the filing of the Form 471 was not provided ($68,222 lost funding since 2003);
- No proof that a contract or legally binding agreement was in place when the Form 471 was filed ($194,719 lost funding since 2003); and
- Pattern Analysis ($69,548 lost funding since 2003).

Exhibits 4(a) and 4(b) graphically demonstrate the effect these extraordinary denials have had on Synergetics, and the schools it serves. A full summary of reasons for lost funding is contained at Exhibit 4(c).

5. Pattern Analysis Funding Denials And Dollar Value Of The Denials

In 2003, three of Synergetics FRNs were denied funding because of pattern analysis with a loss of funding of $69,548. Each of the these denials were appealed to the USAC and USAC denied everyone.

6. Reason for Selective Reviews

Synergetics has never been advised as to why its billed entities were subjected to Selective Review. Scott Barash, the Acting Chief Executive Officer of Universal Service Administrative Company ("USAC"), and Mel Blackwell, Vice President Schools and Libraries Division of USAC both were asked why Synergetics was targeted for Selective Review. Synergetics was told that the reasons why a service provider or billed entity were targeted for Selective Review were confidential and would not be revealed. Synergetics, was advised that Selective Review were generally always ordered when USAC received any type of report or inquiry on the whistleblower hotline. In the past any inquiry would generally trigger a Selective Review, and if USAC conducted a Selective Review in one year it always followed up with Selective Reviews for the following year. In other words, a competitor can seriously damage the ability of a service provider to timely deliver services with E-Rate reimbursements for two full years by merely making one unsubstantiated anonymous phone call to USAC.

In addition, in June 2006, the 2003 Forms 470 for many of Synergetics billed entities were singled out for additional review because the Forms 470 were submitted on line and the Internet Protocols address from which they were submitted was the same address as Synergetics IP address. The July 18, 2006 Notification of Commitment Adjustment Letter rescinding, because of an IP match, the June 30, 2003 Funding Commitment Decision Letter for Leflore County is presently on appeal with the FCC.

7. Summary Of Synergetics Meeting With The USAC Representatives

On August 16, 2006, David Palmer, Jim Raines, Ross Buntrock and Mark Palchick met with Scott Barash, and Mel Blackwell.

Mr. Blackwell confirmed that everyone of the Synergetics' billed entities were under Selective Review for 2003, 2004, and 2005. Mr. Blackwell declined to provide any details regarding why all of the Synergetics billed entities were in Selective Review other than to say that generally a billed entity could be placed in Selective Review if: (i) it had done some things wrong; or (ii) a whistleblower made allegations of wrong-doing to USAC regarding a billed entity. Mr. Blackwell stated that USAC was under an obligation to conduct a Selective Review for every billed entity for which USAC receives an inquiry. He also confirmed that it has been the policy of USAC to place into Selective Review every billed entity that was in Selective Review the previous year, even when the billed entity passed the Selective Review. In other words, under USAC's policy, billed entities that are placed under Selective Review can potentially remain there year, after year, after year.

Mr. Barash indicated that there are no plans for USAC to change its existing policy of not advising a service provider that a billed entity has received Selective Review or to advise a service provider of the results of the Selective Review. Mr. Barash also confirmed that USAC does not plan to include service providers in the Information Request process, even when the actions of the service provider may be the subject of the inquiry. He did, however, indicate that USAC intends to change its policy of automatically placing billed entities in Selective Review merely because the billed entity had been in Selective Review the previous year. Under the new policy if a billed entity passes a Selective Review, it will , supposedly, no longer automatically be placed on the Selective Review list for the next year.

Mr. Blackwell emphasized that USAC was working hard to make improvements in the process. He stated that the program is evolving, and that he is aware that a large number of entities were previously under Selective Review, and that it took a long time to process FRNs. He said that USAC's objective is to get the funding out. They are trying to make it easier to get through the process, and harder to make mistakes. USAC is doing more training of its examiners and reformulating the nature of the inquiries. USAC will be revising and refining the Selective Review triggering criteria; examiners are being trained to ask more questions before placing a billed entity in Selective Review; USAC is trying to make the process more transparent; and the number of billed entities placed in Selective Review should be greatly reduced

David Palmer pointed out that it is a matter of continuing concern to Synergetics that it does not know why its billed entities were singled out for Selective Review. Withholding information from Synergetics regarding the reasons all of its billed entities were placed in Selective Review precludes the company from making improvements in its E-Rate procedures. Further, USAC's on-going Selective Reviews of all of Synergetics' billed entities has needlessly and unfairly damaged Synergetics reputation among billed entities in the state of Mississippi and accordingly has greatly harmed its business. USAC refused to formally acknowledge whether or not Synergetics has passed the Selective Review process, and as a result Synergetics has no ability to confront the whispering campaign being mounted by its competitors. This is damaging not only Synergetics, but is resulting in significantly less competition among service providers in the state of Mississippi, a result that is contrary to the stated goals of the program.

Mr. Blackwell indicated that he could not reveal why Synergetics was singled out and would not provide any acknowledgement that the company had successfully completed the Selective Reviews.

Conclusion

Synergetics and the billed entities in Mississippi, most of which are rural and very poor, have been severely damaged by the current Selective Review policies of USAC. Over 1.5 million dollars of funding have been denied to the schools that need the funding the most. Moreover, as we previously demonstrated, even when funding is approved, since 2003, the funding is excessively delayed.

Synergetics agrees that waste and fraud need to be eliminated from the E-Rate program. However, the Selective Review process as it is applied in Mississippi, and probably many other areas, is not working. The system can not be fixed as long as USAC refuses to allow service providers to participate in Selective Reviews, and as long as USAC provides no feedback on activities it deems inappropriate. Most troubling for Synergetics is that not only is it not given the opportunity to correct its procedures, there is no way to let billed entities know when Synergetics passes a Selective Review. The system would work far better if:

(i) the standards for when a Selective Review is initiated were better articulated;

(ii) when the actions of a service provider are at issue in a Selective Review, the service provider was permitted to participate in the process;

(iii) the service provider and billed entity were advised of the results of a Selective Review so that they can take corrective action; and

(iv) where a service provider passes a Selective Review, it be provided with a way to "clear its name".

Thank you for your time and attention to this very important matter. Please feel free to contact us if you wish additional information.

Sincerely,

Mark J. Palchick

cc: David Palmer
Office of the FCC Secretary
Commissioner Adelstein
Scott Bergmann
Scott Deutchman
Dana Shaffer
Michelle Carey

WCSR 3450510v3 10/23/2006 10:02 AM

ANALYSIS OF SERVICE PROVIDERS PARTICIPATING IN MISSISSIPPI E-RATE
EXHIBIT 1

Category	Number of Service Providers
SPE	48
UTC	37
WP	17
NLP	19
BO	3
NLIB	6
Total	130

SPE	Strong Participation Evident	Analysis of the disbursements over time clearly indicate a strong particpation level for this Service Provider.
UTC	Unable to Contact	Unable to Contact the Service Provider
WP	Willing to Particpate	Service Provider representative reported that the company ı willing to participate
NLP	No Longer Participating	Service Provider representative reported that the company was no longer participating in the E-rate Program.
BO	Bought Out	The Service Provider was bought out by another company
NLIB	No Longer in Business	Service Provider is no longer in business

ACTIVE K-12 CUSTOMERS FOR CALENDAR YEAR 2006
EXHIBIT 2(a)

Customer Name	Contact Person	Customer Class
Amite County School District	Debbie Hopf	K-12
Amory School District	Michael Price	K-12
Attala County School District	Carolyn Lewis	K-12
Benoit School District	Sherry Shepard	K-12
Calhoun County School District Office	Brad Skinner	K-12
Carroll County School District	Billy Williams	K-12
Chickasaw County Schools	Ginger McClain	K-12
Choctaw County School District	Michael Curtis	K-12
Choctaw Tribal Schools	Trina Cheatham	K-12
Cindy McLaughlin	Cindy McLaughlin	K-12
Clarksdale Public Schools	Cheryl Green	K-12
Clay County Schools	Mae Brewer	K-12
Cleveland School District	Dr. Jerry Kitchings	K-12
Clinton Public Schools	Clinton Public School District	K-12
Coahoma County Schools	Anthony Dixon	K-12
Coffeeville School District	Eddie Anderson	K-12
Columbia School District	Marvin Adams	K-12
Columbus Municipal Schools	Rebecca Taylor	K-12
Covington County School District	Martha Knight	K-12
Drew School District	Jason Young	K-12
Durant Public School District	District Office	K-12
East Jasper School Dist	Russie Ashford	K-12
Forest Municipal School District	Tim Crotwell	K-12
Forrest Co. Agricultural HSD	Kyle Nobles	K-12
French Camp Academy	Bill Adams	K-12
Friends of Children of MS	Frederick Lyles	K-12
Geneseo Schools	Nancy Wiese	K-12
Greenville Public Schools	Kimberly Young	K-12
Gulfport School District	Terri Burnham	K-12
Hazlehurst School District	James Thibodeaux	K-12
Hebron Christian School	Beth Hendrix	K-12
Hinds Co. Agri HS	Robert Strong/Dr. Durham	K-12
Hinds County School District	Lisa Jones	K-12
Hollandale School District	Mark Beechem	K-12
Holmes County School District	Bobby Williams	K-12

ACTIVE K-12 CUSTOMERS FOR CALENDAR YEAR 2006
EXHIBIT 2(a)

Houston School District	Leigh Mobley	K-12
Humphreys County School District		K-12
Indianola Academy	Buddy Strickland	K-12
Jackson Public School Distirct	Erin Mason	K-12
Kemper County Schools	Jackie Pollock	K-12
Lauderdale County School	Northeast Lauderdale HS	K-12
Laurel School District	Patrick Robinson	K-12
Leake County School District	Pam Tucker	K-12
Lee County Schools	Johnny Dye	K-12
Leflore County Schools	Les Elliott	K-12
Leland School District	Johnnie Gibson	K-12
Lincoln County School District	Kenneth Wallace	K-12
LOUISVILLE MUNICIPAL SCHOOL DISTRICT	Mark Golbeck	K-12
Lowndes County Schools	Dr. Peggy Rogers	K-12
Madison County Library	Ray Meyers	K-12
Monroe County Schools	Alan Pierceson	K-12
Neshoba County Schools	Jason Mayo	K-12
New Albany School District	Kelly Coltharp	K-12
Newton Municipal Schools	Larry Gressett	K-12
North Pike School District	Carl Felder	K-12
Noxubee County Schools	Vandora Johnson	K-12
Okolona Central Office	Connie Phillips	K-12
Oktibbeha County Schools	Beverly Kemp	K-12
Pass Christian School District	Melissa Hariss	K-12
Pearl River County School District	Jeff McCoy	K-12
Philadelphia Public Schools	Paula Anderson	K-12
Pontotoc County Schools	Melanie Kidd	K-12
Quitman County School District	Paul Scarbrough	K-12
Scott County School District	Tim Crotwell	K-12
Shaw School District	Kenneth Jenkins	K-12
Smith County School District	Larraine Garner	K-12
South Delta School District	Pam Anthony	K-12
South Panola School District	Jay Sandlan	K-12
South Tippah School District	Terry Foley	K-12
Starkville School District	Marion Schiefer	K-12
Sunflower County Schools	Jean Millen	K-12

ACTIVE K-12 CUSTOMERS FOR CALENDAR YEAR 2006
EXHIBIT 2(a)

Tunica School District	Johnnie Price	K-12
Union Public School District	John McNair	K-12
Vicksburg/Warren Schools	Hugh Cummings	K-12
Washington School	Mike Castle	K-12
West Bolivar School District	Arthur Holmes	K-12
West Jasper School District	George Duke	K-12
West Point School District	Eddie Odom	K-12
Western Line School District	Attn: A Hovis	K-12
Yazoo County School District	Attn: Donna Chisolm	K-12

BENs That Used Synergetics as a Service Provider on Form 471 Applications
EXHIBIT 2(b)

BILLED ENTITY	Active in 2004	Active in 2005
AMORY SCHOOL DISTRICT		X
BENOIT SCHOOL DISTRICT	X	X
BOLIVAR COUNTY LIBRARY	X	
CHICKASAW COUNTY SCHOOL DIST	X	X
CLARKSDALE SEPARATE SCH DIST	X	X
CLAY COUNTY SCHOOL DISTRICT	X	X
COAHOMA COUNTY SCHOOL DISTRICT	X	X
COFFEEVILLE SCHOOL DISTRICT	X	
COVINGTON COUNTY SCHOOL DIST	X	
DREW SCHOOL DISTRICT	X	
EAST JASPER CONSOL SCHOOL DIST	X	X
FOREST MUNICIPAL SCHOOL DIST		X
GREENE COUNTY SCHOOL DISTRICT		X
GULFPORT SCHOOL DISTRICT		X
HINDS COUNTY SCHOOL DISTRICT	X	X
HOUSTON SCHOOL DISTRICT	X	X
INDIANOLA SCHOOL DISTRICT	X	
JACKSON COUNTY SCHOOL DISTRICT		X
KEMPER COUNTY SCHOOL DISTRICT	X	X
LAUDERDALE CO SCHOOL DISTRICT	X	
LAUREL SCHOOL DISTRICT	X	
LEAKE COUNTY SCHOOL DISTRICT	X	X
LEE COUNTY SCHOOL DISTRICT	X	
LEFLORE COUNTY SCHOOL DISTRICT	X	X
LELAND SCHOOL DISTRICT	X	X
MARSHALL COUNTY LIBRARY SYSTEM	X	X
MONTGOMERY CO SCHOOL DISTRICT	X	
MOSS POINT SCHOOL DISTRICT	X	
NEWTON COUNTY SCHOOL DISTRICT	X	X
NEWTON MUNICIPAL SCHOOL DIST	X	X
NOXUBEE COUNTY LIBRARY SYSTEM	X	X
OKOLAONA MUNICIPAL SEPARATE SCHOOL DISTRICT	X	X
OKTIBBEHA COUNTY SCHOOL DIST	X	X
PASS CHRISTIAN SCHOOL DISTRICT		X
PONTOTOC CO SCHOOL DISTRICT		X
POPLARVILLE SEPARATE SCH DIST	X	
QUITMAN COUNTY SCHOOL DISTRICT	X	X
SCOTT COUNTY SCHOOL DISTRICT	X	
SOUTH DELTA SCHOOL DISTRICT	X	X
SOUTH PIKE SCHOOL DISTRICT		X
SUNFLOWER COUNTY LIBRARY	X	X
SUNFLOWER COUNTY SCHOOL DIST	X	X
TOMBIGEE REGIONAL LIBRARY	X	X
UNION PUBLIC SCHOOL DISTRICT	X	X
WESTERN LINE SCHOOL DISTRICT	X	X
WINONA SCHOOL DISTRICT	X	
YAZOO COUNTY SCHOOL DISTRICT	X	X

REASON GIVEN IN FDCLs FOR DENIAL
EXHIBIT 3(a)

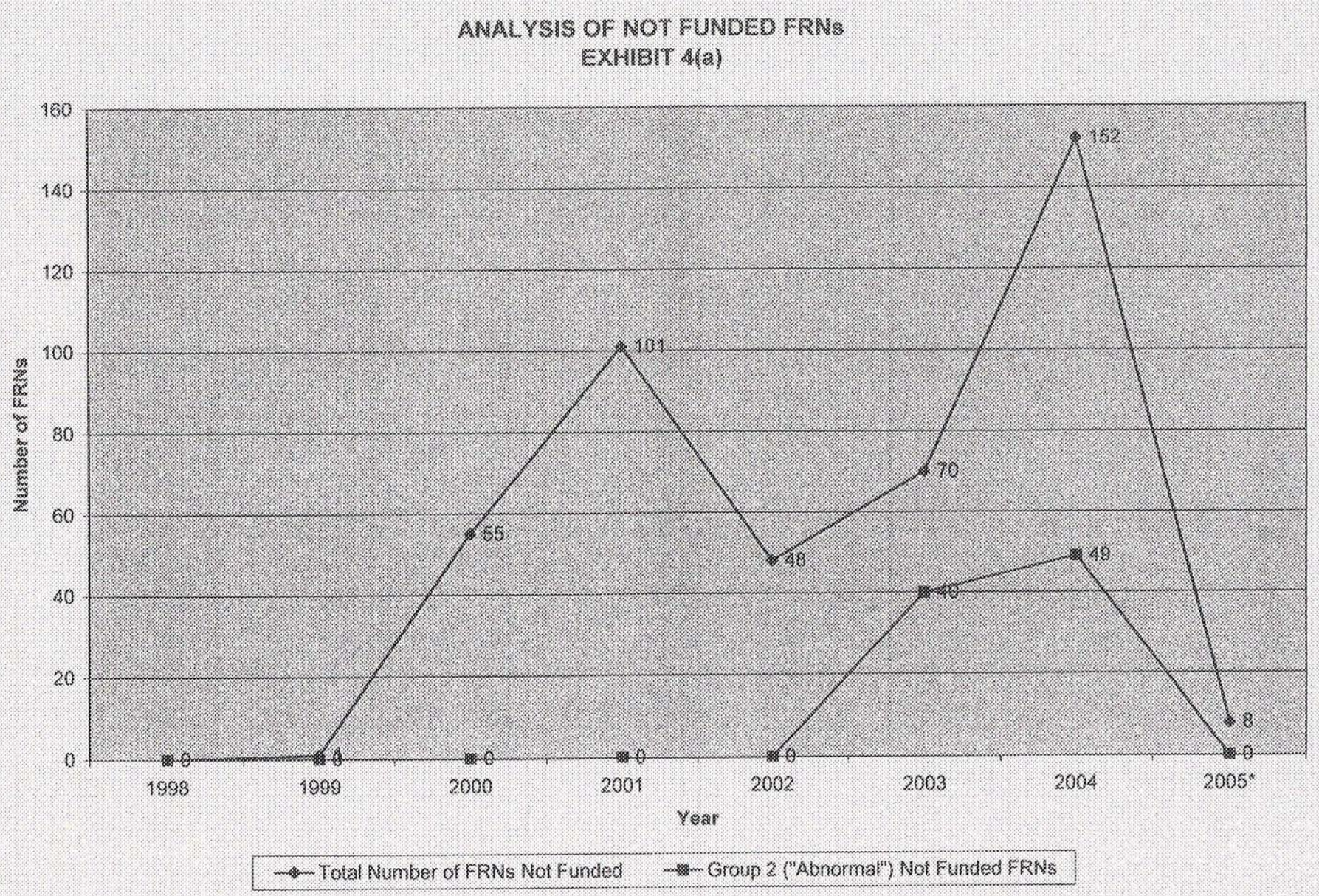
COMMENT GROUP*	DENIAL REASON #	COMMENT SUMMARY
Group 1	Comment 1	30% or more of this FRN includes a request for ineligible product(s)/service(s) based on program rules.
Group 1	Comment 2	A significant portion of the FRN is a request for an ineligible entity
Group 1	Comment 3	Applicant has not provided sufficient documentation to determine the eligibility of this item.
Group 1	Comment 7	FRN canceled in consultation with the applicant.
Group 1	Comment 8	Funding cap will not provide for Internal Connections at this discount to be funded.
Group 1	Comment 11	470 cited did not meet the 28 day competitive bidding requirement.
Group 1	Comment 12	The shared discount was corrected.
Group 1	Comment 13	No FCDL Comment Supplied
Group 2	Comment 4	Documentation provided demonstrates that price was not the primary factor in selecting this service provider's proposal.
Group 2	Comment 5	During application review, you were asked to demonstrate that when you filed your Form 471 you had secured access to the funds needed to pay your portion of the charges, and you were unable to do so.
Group 2	Comment 6	FCC rules require that a contract for the products/services be signed and dated by both parties prior to the filing of the Form 471. This requirement was not met.
Group 2	Comment 9	No contract or legally binding agreement was in place when the Form 471 was filed.
Group 2	Comment 10	Similarities in Forms 470s, in Request for Proposal, and in technology plan amongst applicants using this service provider suggest service provider involvement in the competitive bidding process

ANALYSIS OF NOT FUNDED FRNs FOR SYNERGETICS DCS, INC.
EXHIBIT 3(b)

	1998	1999	2000	2001	2002	2003	2004	2005*
Number of FRNs Funded	116	155	107	155	280	391	252	98
Number of FRNs Not Funded	0	1	55	101	48	70	152	8
Total Number of FRNs	116	156	162	256	328	461	404	140
% of Total FRNs Funded	100%	99%	66%	61%	85%	85%	62%	70%
% of Total FRNs Not Funded	0%	1%	34%	39%	15%	15%	38%	6%
Total Number of FRNs Not Funded	0	1	55	101	48	70	152	8
Group 1 (Normal) Not Funded FRNs	0	1	55	101	48	30	103	8
Group 2 ("Abnormal") Not Funded FRNs	0	0	0	0	0	40	49	0
% of Group 2 Not Funded FRNs	0%	0%	0%	0%	0%	57%	32%	0%
Dollar Value Funded	$677,135	$895,621	$1,368,701	$1,641,438	$1,982,452	$3,456,826	$1,419,431	$415,559
Dollar Value Not Funded	$ -	$ 4,289	$ 674,475	$1,344,189	$ 371,169	$1,079,693	$1,919,199	$117,401
Total Dollar Value	$677,135	$899,910	$2,043,176	$2,985,627	$2,353,621	$4,536,519	$3,338,630	$532,960
Dollar Value Group 2 Not Funded FRNs	$ -	$ -	$ -	$ -	$ -	$ 799,405	$ 769,086	$ -
% Group 2 Not Funded Dollar Value of Total Funded	$ -	$ -	$ -	$ -	$ -	23%	54%	$ -

* There are 34 FRNs for 2005 which had not yet received a funding decision as of the time of this report

	1998	1999	2000	2001	2002	2003	2004	2005*


ANALYSIS OF NOT FUNDED FRNs
EXHIBIT 4(a)
Number of FRNs
160
140
120
100
80
60
40
20
0
1998
1999
2000
2001
2002
2003
2004
2005*
Year
0
1
55
101
48
70
152
8
0
0
0
0
40
49
0
Total Number of FRNs Not Funded
Group 2 ("Abnormal") Not Funded FRNs

ANALYSIS OF NOT FUNDED FRNs - DOLLAR VALUES

EXHIBIT 4(b)

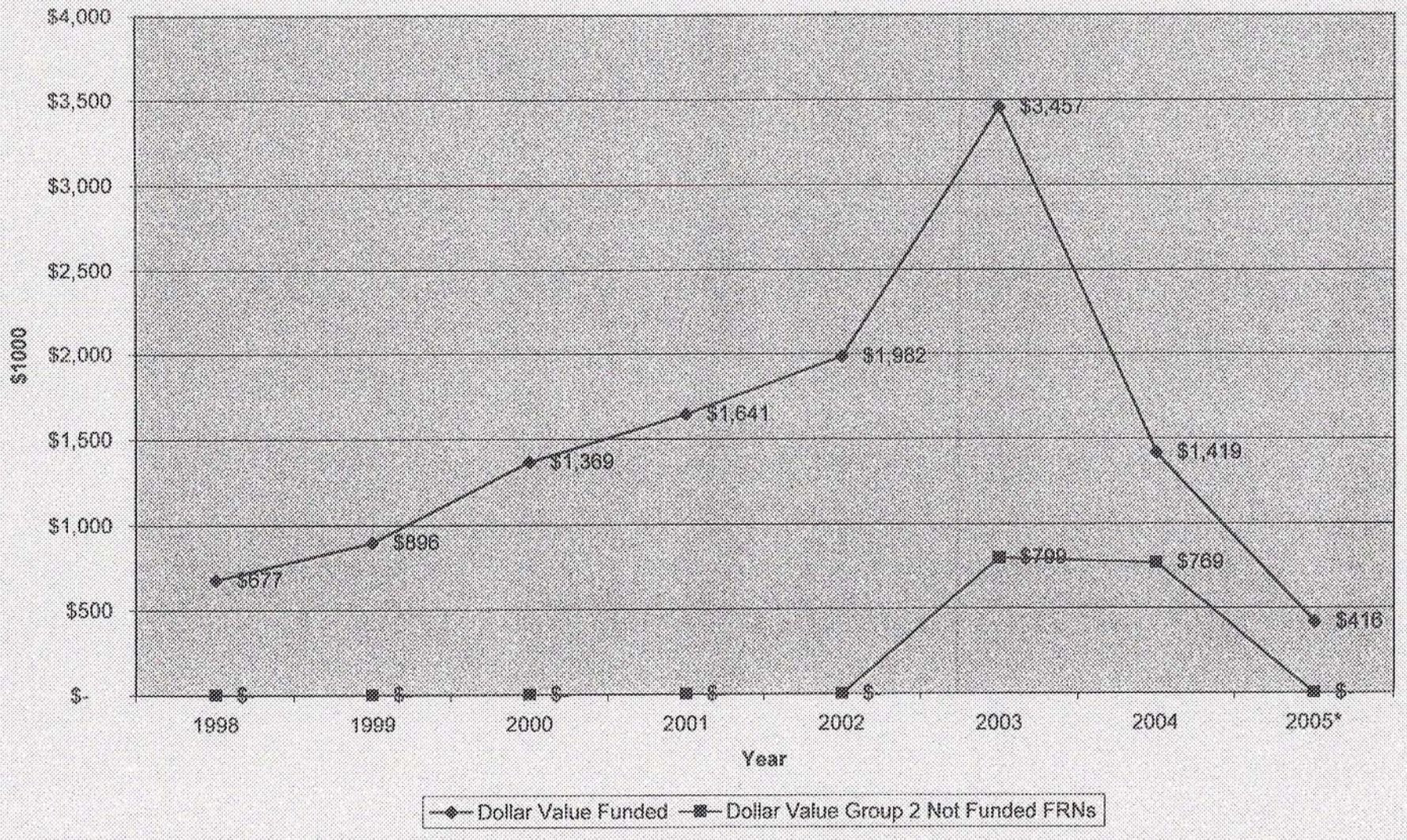


EXHIBIT 4 (c)

9/25/2006

Funding Year 1998	FCDL Comment	Number of FRNs	% FRNs	Dollar Value	% Dollar Value
Funding Year 1999	FCDL Comment	Number of FRNs	% FRNs	Dollar Value	% Dollar Value
	Comment 11	1	0.64	$4,286.50	0.47
Funding Year 2000	FCDL Comment	Number of FRNs	% FRNs	Dollar Value	% Dollar Value
	Comment 8	55	33.95	$674,475.25	32.47
Funding Year 2001	FCDL Comment	Number of FRNs	% FRNs	Dollar Value	% Dollar Value
	Comment 1	1	0.39	$63,967.92	1.66
	Comment 2	1	0.39	$968.00	0.03
	Comment 8	91	35.55	$1,253,645.24	32.62
	Comment 13	8	3.13	$25,608.60	0.67
Funding Year 2002	FCDL Comment	Number of FRNs	% FRNs	Dollar Value	% Dollar Value
	Comment 1	4	1.22	$59,053.57	1.74
	Comment 7	1	0.30	$68,000.00	2.01
	Comment 8	32	9.76	$215,225.56	6.35
	Comment 12	1	0.30	$3,117.38	0.09
	Comment 13	10	3.05	$25,773.30	0.76
Funding Year 2003	FCDL Comment	Number of FRNs	% FRNs	Dollar Value	% Dollar Value
	Comment 1	7	1.52	$53,126.16	0.83
	Comment 2	1	0.22	$3,590.10	0.06
	Comment 4	11	2.38	$142,799.54	2.24
	Comment 5	19	4.11	$502,819.57	7.88
	Comment 7	18	3.90	$192,152.57	3.01
	Comment 9	10	2.16	$153,787.58	2.41
	Comment 13	4	0.87	$31,363.70	0.49
Funding Year 2004	FCDL Comment	Number of FRNs	% FRNs	Dollar Value	% Dollar Value
	Comment 1	7	1.73	$25,157.60	0.55
	Comment 2	1	0.25	$5,352.30	0.12
	Comment 3	2	0.50	$23,301.00	0.51
	Comment 5	28	6.93	$620,385.75	13.59
	Comment 6	8	2.00	$68,222.40	1.49
	Comment 7	14	3.47	$82,486.89	1.81
	Comment 8	78	19.31	$983,461.12	21.55
	Comment 9	10	2.48	$40,931.80	0.90
	Comment 10	3	0.74	$69,548.00	1.52
	Comment 11	1	0.25	$352.80	0.01
Funding Year 2005	FCDL Comment	Number of FRNs	% FRNs	Dollar Value	% Dollar Value
	Comment 1	1	0.71	$13,708.80	0.84
	Comment 7	3	2.14	$38,248.26	2.34
	Comment 8	4	2.86	$65,444.22	4.01

9/25/2006

Totals	FCDL Comment	Number of FRNs	% FRNs	Dollar Value	% Dollar Value
	Comment1	20	0.99	$215,014.05	0.91
	Comment2	3	0.15	$9,910.40	0.04
	Comment3	2	0.10	$23,301.00	0.10
	Comment4	11	0.54	$142,799.54	0.61
	Comment5	47	2.32	$1,123,205.32	4.76
	Comment6	8	0.40	$68,222.40	0.29
	Comment7	36	1.76	$380,887.72	1.62
	Comment8	260	12.85	$3,192,251.39	13.58
	Comment9	20	0.99	$194,719.38	0.83
	Comment10	3	0.15	$69,548.00	0.30
	Comment11	2	0.10	$4,641.30	0.02
	Comment12	1	0.05	$3,117.38	0.01
	Comment13	22	1.09	$82,745.60	0.35

Group 2 Denials are highlighted in Yellow