

# EXHIBIT K



918 KADECKI COURT  
CITY OF INDUSTRY CA 91744  
TEL (626) 599-3100 FAX (626) 599-3111

# INVOICE

INVOICE No. - 117892 SC

Remit To:  
Premio Computer Inc.  
P.O. Box 51153  
Los Angeles, CA 90051-5453

Page Number - 1  
Date - 04/28/00  
Customer - 50127  
Brn / Plt - CA1  
Quote Nbr - 91481  
Order Nbr - 548349 SC  
Salesperson - 00040236

**S** L.A. UNIFIED SCHOOL DISTRICT  
**O** P.O. BOX 54306  
**L** LOS ANGELES CA 90054  
**D**

**S** L.A. UNIFIED SCHOOL DISTRICT  
**H** P.O. BOX 54306  
**I** LOS ANGELES CA 90054  
**P**

<b>Tax ID:</b>	<b>Tax Cert:</b>	<b>Ship Via:</b> UPS GROUND
<b>Request Date</b>	<b>Customer P.O.</b>	<b>F.O.B.</b>
04/17/00	0000238465	
		<b>Shipping Instruction:</b>

Line	Item #	Description	Qty	Ship	Price	Extended Price
1.00	H43258	PREMIO PROFESSIONAL SYSTEM	5	64	13,153.10	641,798.40
	S/N:	2000049374 2000049375 2000049376 2000049377 2000049378				
	S/N:	2000049379 2000049380 2000049381 2000049382 2000049383				
	S/N:	2000049384 2000049385 2000049386 2000049387 2000049388				
	S/N:	2000049389 2000049390 2000049391 2000049392 2000049393				
	S/N:	2000049394 2000049395 2000049396 2000049397 2000049398				
	S/N:	2000049399 2000049400 2000049401 2000049402 2000049403				
	S/N:	2000049404 2000049405 2000049406 2000049407 2000049408				
	S/N:	2000049409 2000049410 2000049411 2000049412 2000049413				
	S/N:	2000049414 2000049415 2000049416 2000049417 2000049418				
	S/N:	2000049419 2000049420 2000049421 2000049422 2000049423				
	S/N:	2000049424 2000049425 2000049426 2000049427 2000049428				
	S/N:	2000049429 2000049430 2000049431 2000049432 2000049433				
	S/N:	2000049434 2000049435 2000049436 2000049437				
	BP3J	PREMIO SHA-ATX-MT/BX3440BX BB		64		
	770103	INTEL PENTIUM III(CuMine)600MHz/25600/100FSB SECC2 CPU		64		
	599246	COOLING FAN FOR PENTIUM III/SECC 2 UNIVERSAL		64		
	720556	128MB/16X72/PC100/ECC DIMM MEMORY		128		
	440193	WESTERN DIGITAL ENTERPRISE/9.1GBU2/U160/10K RPM SCSI HDD		64		
	320225	ADAPTEC 29160N ULTRA 160 SCSI CTRL CARD		64		
	330130	ATI XPERT-6-WORK/4MB-SGRAM/AGP VGA		64		
	470755	SONY 8X/4X/32X CD RW IDE INTERNAL		64		
	350408	ENSONIQ 128V/PCI SOUND CARD		64		
	930951	PREMIO APOLLO/16WATTS SPEAKER		64		
	380755	INTEL ETHEREXPRESS/PCI/100-BT MANAGEMENT ETHERNET ADAPTER		64		
	990160	PREMIO DEVICE DRIVER		64		
	68R829	ROYALTY FEE FOR 680829		64		
	680829	MS WINDOWS NT SERVER 4.0 WITH 10 CLIENT/OPTION PACK 4.0 OEM		64		
	990119	ULTRA II SCSI CABLE W/5 CONNECTOR/ACTIVE TERMINATION		64		
2.00	510525	PREMIO SHADOWHAWK/17IN/281280X1024MM-MEDIA MONITOR	5	128	.00	
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	S/N:	013FEJA2B00004 013FEJA2B00006 013FEJA2B00007				
	S/N:	013FEJA2B00008 013FEJA2B00009 013FEJA2B00010				
	S/N:	013FEJA2B00011 013FEJA2B00012 013FEJA2B00014				
	S/N:	013FEJA2B00015 013FEJA2B00016 013FEJA2B00018				
		<b>Terms</b>	<b>Net Due Date</b>	<b>Tax Rate</b>	<b>Sales Tax</b>	<b>Total Order</b>

WARRANTY INFORMATION ON BACK

PLEASE RETURN THIS PORTION WITH YOUR REMITTANCE TO:

INVOICE No. - 117892 SC

Remit To:  
Premio Computer Inc.  
P.O. Box 51153  
Los Angeles, CA 90051-5453

PC007630

Customer No. - 50127

Customer Name - L.A. UNIFIED SCHOOL DISTRICT

Invoice Date - 04/28/00

Invoice Amount:

Enter Amount Paid:



**INVOICE**

**INVOICE No. - 117892 SC**

918 RADECKI COURT  
CITY OF INDUSTRY CA 91714  
TEL (626) 579-3100 FAX (626) 850-3111

Remit To:  
Premio Computer Inc.  
P.O. Box 51153  
Los Angeles, CA 90051-5453

Page Number - 2  
Date - 04/28/00  
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Bm / Plt - CA1  
Quote Nbr - 91481  
Order Nbr - 548349 SC  
Salesperson - 00040236

**S** L.A. UNIFIED SCHOOL DISTRICT  
**O** P.O. BOX 54306  
**L** LOS ANGELES CA 90054  
**D**

**S** L.A. UNIFIED SCHOOL DISTRICT  
**H** P.O. BOX 54306  
**I** LOS ANGELES CA 90054  
**P**

Tax ID:

Tax Cert:

Ship Via: UPS GROUND

Request Date	Customer P.O.	F.O.B.	Shipping Instruction:			
04/17/00	0000238485					
Line	Item #	Description	Qty Ship	Price	Extended Price	
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	S/N:	013FEJA2B00026 013FEJA2B00027 013FEJA2B00028				
	S/N:	013FEJA2B00029 013FEJA2B00030 013FEJA2B00031				
	S/N:	013FEJA2B00032 013FEJA2B00033 013FEJA2B00034				
	S/N:	013FEJA2B00035 013FEJA2B00036 013FEJA2B00037				
	S/N:	013FEJA2B00038 013FEJA2B00039 013FEJA2B00040				
	S/N:	013FEJA2B00042 013FEJA2B00043 013FEJA2B00045				
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	S/N:	013FEJA2B00049 013FEJA2B00051 013FEJA2B00052				
	S/N:	013FEJA2B00053 013FEJA2B00054 013FEJA2B00055				
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	S/N:	013FEJA2B00063 013FEJA2B00065 013FEJA2B00067				
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	S/N:	013FEJA2B00073 013FEJA2B00074 013FEJA2B00076				
	S/N:	013FEJA2B00077 013FEJA2B00078 013FEJA2B00079				
	S/N:	013FEJA2B00082 013FEJA2B00084 013FEJA2B00085				
	S/N:	013FEJA2B00087 013FEJA2B00089 013FEJA2B00090				
	S/N:	013FEJA2B00091 013FEJA2B00092 013FEJA2B00093				
	S/N:	013FEJA2B00094 013FEJA2B00095 013FEJA2B00096				
	S/N:	013FEJA2B00097 013FEJA2B00099 013FEJA2B00100				
	S/N:	013FEJA2B00101 013FEJA2B00103 013FEJA2B00105				
	S/N:	013FEJA2B00107 013FEJA2B00108 013FEJA2B00109				
	S/N:	013FEJA2B00110 013FEJA2B00111 013FEJA2B00112				
	S/N:	013FEJA2B00113 013FEJA2B00115 013FEJA2B00116				
	S/N:	013FEJA2B00117 013FEJA2B00118 013FEJA2B00119				
	S/N:	013FEJA2B00121 013FEJA2B00122 013FEJA2B00123				
	S/N:	013FEJA2B00124 013FEJA2B00125 013FEJA2B00126				
	S/N:	013FEJA2B00128 013FEJA2B00132 013FEJA2B00135				
	S/N:	013FEJA2B00137 013FEJA2B00138 013FEJA2B00140				
	S/N:	013FEJA2B00143 013FEJA2B00144 013FEJA2B00148				
	S/N:	013FEJA2B00153 013FEJA2B00154 013FEJA2B00156				
	S/N:	013FEJA2B00158 013FEJA2B00160 013FEJA2B00161				
	S/N:	013FEJA2B00170 013FEJA2B00171 013FEJA2B00176				
	S/N:	013FEJA2B00178 013FEJA2B00179 013FEJA2B00180				
	S/N:	013FEJA2B00181 013FEJA2B00182 013FEJA2B00187				
	S/N:	013FEJA2B00189 013FEJA2B00192 013FEJA2B00197				
Terms	Net Due Date	Tax Rate	Sales Tax	Total Order		

WARRANTY INFORMATION ON BACK

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Remit To:  
Premio Computer Inc.  
P.O. Box 51153  
Los Angeles, CA 90051-5453

PC007631

Customer No. - 50127

Customer Name - L.A. UNIFIED SCHOOL DISTRICT

Invoice Date - 04/28/00

Invoice Amount :

Enter Amount Paid:



**INVOICE**

INVOICE No. - 117892 SC

918 RADECKI COURT  
CITY OF INDUSTRY CA 91748  
TEL (626) 839-3100 FAX (626) 839-3111

Remit To:  
Premio Computer Inc.  
P.O. Box 51153  
Los Angeles, CA 90051-5453

Page Number - 3  
Date - 04/28/00  
Customer - 50127  
Brr / Plt - CA1  
Quote Nbr - 91481  
Order Nbr - 548349 SC  
Salesperson - 00040236

S  
O L A. UNIFIED SCHOOL DISTRICT  
L P.O. BOX 54306  
D LOS ANGELES CA 90054

S L.A. UNIFIED SCHOOL DISTRICT  
H P.O. BOX 54306  
I LOS ANGELES CA 90054  
P

Request Date		Tax Cert:		Ship Via: UPS GROUND	
Request Date	Customer P.O.	F.O.B.	Shipping Instruction:		
04/17/00	0000238465				
Line	Item #	Description	Qty Ship	Price	Extended Price
	S/N: 013FEJA2B00199 013FEJA2B00200				
3.00	INSTALL	INSTALLATION & CONFIGURATION	S 64	.00	
12.00	S33136	ATI ALL-IN-WONDER 128/32MB AGP/VA (SPECIAL ITEM)	S 60	.00	
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	S/N: 01007274195340102111949013932				
	S/N: 01007274195340102111948063549				
	S/N: 01007274195340102111948053884				
	S/N: 01007274195340102111948054294				
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	S/N: 01007274195340102111949054317				
	S/N: 01007274195340102111950092376				
	S/N: 01007274195340102111950094233				
	S/N: 01007274195340102111950111725				
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	S/N: 01007274195340102111950135370				
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	S/N: 01007274195340102111950148905				
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	S/N: 01007274195340102111950150052				
	S/N: 01007274195340102111950150076				
	S/N: 01007274195340102111950150090				
	S/N: 01007274195340102111950150236				
	S/N: 01007274195340102111950150250				
	S/N: 01007274195340102111950150298				
	S/N: 01007274195340102111950150311				
	S/N: 01007274195340102111950150342				
	S/N: 01007274195340102111950150359				
	S/N: 01007274195340102111950150427				
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	S/N: 01007274195340102111950150458				
	S/N: 01007274195340102111950150540				
	S/N: 01007274195340102111950150557				
	S/N: 01007274195340102111950150595				
	S/N: 01007274195340102111950150601				
	S/N: 01007274195340102111950150632				
Terms	Net Due Date	Tax Rate	Sales Tax	Total Order	

WARRANTY INFORMATION ON BACK

PLEASE RETURN THIS PORTION WITH YOUR REMITTANCE TO:

INVOICE No. - 117892 SC

Remit To:  
Premio Computer Inc.  
P.O. Box 51153  
Los Angeles, CA 90051-5453

PC007632

Customer No. - 50127

Customer Name - L.A. UNIFIED SCHOOL DISTRICT

Invoice Date - 04/28/00

Invoice Amount :

Enter Amount Paid:



413 RADECKI COURT  
CITY OF INDUSTRY CA 91748  
TEL (626) 819-1100 FAX (626) 839-3111

**INVOICE**

INVOICE No. - 117892 SC

Remit To:  
Premio Computer Inc.  
P.O. Box 51153  
Los Angeles, CA 90051-5453

Page Number - 4  
Date - 04/28/00  
Customer - 50127  
Bm / Plt - CA1  
Quote Nbr - 91481  
Order Nbr - 548349 SC  
Salesperson - 00040236

**S** L.A. UNIFIED SCHOOL DISTRICT  
**O** P.O. BOX 54306  
**L** LOS ANGELES CA 90054  
**D**

**S** L.A. UNIFIED SCHOOL DISTRICT  
**H** P.O. BOX 54306  
**I** LOS ANGELES CA 90054  
**P**

Tax ID:

Tax Cert:

Ship Via: UPS GROUND

Request Date	Customer P.O.	F.O.B.	Shipping Instruction:			
04/17/00	0000238455					
Line	Item #	Description	Qty	Ship	Price	Extended Price
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	S/N:	01007274195340102111950150717				
	S/N:	01007274195340102111950150939				
	S/N:	01007274195340102111950150960				
	S/N:	01007274195340102118006012579				
	S/N:	01007274195340102118006012586				
	S/N:	01007274195340102118006012593				
	S/N:	01007274195340102118006012616				
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	S/N:	01007274195340102118006164476				
	S/N:	01007274195340102118006164513				
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	S/N:	01007274195340102118006164505				
	S/N:	01007274195340102118006164704				
14.00	S99144	25FOOT LONG NETWORK PATCH CABLE (SPECIAL ITEM)	S	50	.00	
15.00	510716	PREMIO APOLLO 17in/28/1280X1024 MONITOR (TE7708)	S	128	.00	
	S/N:	304811344 M304810397 M304810398 M304810399 M304810400				
	S/N:	M304810401 M304810402 M304810403 M304810404 M304810405				
	S/N:	M304810406 M304810407 M304810408 M304810409 M304810410				
	S/N:	M304810411 M304810484 M304810485 M304810486 M304810487				
	S/N:	M304810488 M304810489 M304810490 M304810491 M304810492				
Terms	Net Due Date	Tax Rate	Sales Tax	Total Order		

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INVOICE No. - 117892 SC

Remit To:  
Premio Computer Inc.  
P.O. Box 51153  
Los Angeles, CA 90051-5453

PC007633

Customer No. - 50127

Customer Name - L.A. UNIFIED SCHOOL DISTRICT

Invoice Date - 04/28/00

Invoice Amount :

Enter Amount Paid:



**INVOICE**

INVOICE No. - 117892 SC

418 RADECKI COURT  
CITY OF INDUSTRY CA 91733  
TEL (626) 879-3100 FAX (626) 839-1111

Remit To:  
Premio Computer Inc.  
P.O. Box 51153  
Los Angeles, CA 90051-5453

Page Number - 5  
Date - 04/28/00  
Customer - 50127  
Bm / Pit - CA1  
Quote Nbr - 91481  
Order Nbr - 548349 SC  
Salesperson - 00040236

S  
O L A. UNIFIED SCHOOL DISTRICT  
L P O. BOX 54306  
D LOS ANGELES CA 90054

S L A. UNIFIED SCHOOL DISTRICT  
H P O. BOX 54306  
I LOS ANGELES CA 90054  
P

Tax ID:	Tax Cert:	Ship Via: UPS GROUND
Request Date	Customer P.O.	F.O.B.
04/17/00	000238465	
		Shipping Instruction:

Line	Item #	Description	Qty Ship	Price	Extended Price
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	S/N:	M304810498 M304810499 M304811142 M304811253 M304811254			
	S/N:	M304811255 M304811256 M304811257 M304811258 M304811259			
	S/N:	M304811260 M304811261 M304811262 M304811263 M304811264			
	S/N:	M304811265 M304811266 M304811267 M304811268 M304811269			
	S/N:	M304811270 M304811271 M304811272 M304811273 M304811274			
	S/N:	M304811275 M304811276 M304811277 M304811278 M304811279			
	S/N:	M304811280 M304811281 M304811282 M304811283 M304811284			
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	S/N:	M304811290 M304811291 M304811292 M304811293 M304811294			
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	S/N:	M304811360 M304811361 M304811362 M304811363 M304811364			
	S/N:	M304811365 M304811366 M304811367 M304811368 M304811369			
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	S/N:	M304811380 M304811381 M304811382 M304811383 M304811384			
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	S/N:	M304811430 M304811431 M304811432 M304811433 M304811434			
	S/N:	M304811435 M304811436 M304811437 M304811438 M304811439			
	S/N:	M304811440 M304811441 M304811442 M304811443 M304811444			
	S/N:	M304811445 M304811446 M304811447 M304811448 M304811449			
	S/N:	M304811450 M304811451 M304811452 M304811453 M304811454			
	S/N:	M304811455 M304811456 M304811457 M304811458 M304811459			
	S/N:	M304811460 M304811461 M304811462 M304811463			
15.00	AC910702	INTEL InBusiness SH101TXBUS/8PORT/10/100 FAST HUB, RLM5	50	.00	
	S/N:	DCSC01100709 DCSC01100710 DCSC01100711 DCSC01100719			
	S/N:	DCSC01100733 DCSC01100734 DCSC01100735 DCSC01100736			
	S/N:	DCSC01100741 DCSC01100742 DCSC01100757 DCSC01100758			
	S/N:	DCSC01201821 DCSC01201822 DCSC01201889 DCSC01201890			
	S/N:	DCSC01201915 DCSC01201916 DCSC01201821 DCSC01201922			
	S/N:	DCSC01201923 DCSC01201924 DCSC01201827 DCSC01201828			
	S/N:	DCSC01201931 DCSC01201932 DCSC01201943 DCSC01201944			
	S/N:	DCSC01201945 DCSC01201946 DCSC01201949 DCSC01201950			
	S/N:	DCSC01201951 DCSC01201952 DCSC01201961 DCSC01201962			
	S/N:	DCSC01201977 DCSC01201978 DCSC01201995 DCSC01201996			
	S/N:	DCSC01202003 DCSC01202004 DCSC01202011 DCSC01202012			
	S/N:	DCSC01202065 DCSC01202066 DCSC01202089 DCSC01202090			
	S/N:	DCSC01202119 DCSC01202120			

Terms	Net Due Date	Tax Rate	Sales Tax	Total Order
Net 30 Days	05/28/00	8.250	69,448.37	911,246.77

WARRANTY INFORMATION ON BACK

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Remit To:  
Premio Computer Inc. PC007634  
P.O. Box 51153  
Los Angeles, CA 90051-5453

Customer No. - 50127

Customer Name - L.A. UNIFIED SCHOOL DISTRICT

Invoice Amount: 911,246.77

Invoice Date - 04/28/00

Enter Amount Paid:

# EXHIBIT L

**DRAFT-PRELIMINARY FOR DISCUSSION PURPOSES ONLY  
CONFIDENTIAL AND PROPRIETARY**

**PREMIO COMPUTERS**

**v.**

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

**LASC CASE No. BC290348**

**EXPERT REPORT**

**MR. JERRY A. KLEIN  
THE CHATHAM GROUP**

**December 14, 2003**

## **I. Foundation**

### **A. Qualifications**

I am the President of The Chatham Group, a consulting company in Los Altos, California, specializing in technology litigation support and consulting to the venture capital community. The Chatham Group also consults to companies in the high-technology industry on managerial and strategic planning issues. As President of The Chatham Group, I have been a consultant and/or testifying expert witness in dozens of matters, both for vendors as well as users.

I have over 30 years experience in the high-technology industry and have managed and participated in the creation, design, development, manufacture and marketing of numerous products and systems including both hardware and software. I have also participated in the selection, evaluation, procurement and implementation of complex software information systems for technology development and business operation applications.

Prior to founding The Chatham Group, I have been involved as a founder, co-founder or officer of several companies in the office product, computer systems and word processing industries. For example, I was the founder and CEO of Ansonics International Corporation, which designed, developed, manufactured and marketed telecommunications equipment. Following the acquisition of that company by the Dictaphone Corporation, I became the Vice President and General Manager of the Telecommunications Division of the Dictaphone Corporation and also Vice President for

International Development. I was also Executive Assistant to the President with special responsibility for Corporate Strategic Planning.

Subsequently, I was Vice President at Exxon Enterprises, where I was involved in the development of the first desk-top microprocessor based communicating word processor and was later the Vice President responsible for marketing and sales, product development, field engineering and customer training for what became the Qyx Division. I was also responsible for the alpha and beta testing of the product as well as the national rollout of the product.

While at Exxon Enterprises, I concurrently served as the CEO of Danbury Systems, a division of Exxon Enterprises that was involved in the development of advanced printing technology. I was also a Member of the Board of Directors of Verbex, another division of Exxon Enterprises, which was developing speech recognition computers. I also had strategic responsibility for two divisions of Exxon Enterprises developing advanced flat panel display technology products and had wide responsibility for the oversight of other divisions developing a wide range of computer hardware, software and office automation products. I also had responsibility for the strategic evaluation of marketing plans for other divisions of Exxon Enterprises in the Technology and Components Group as well as the Computer and Communications Group. Additionally, I served as a special advisor to the President of Exxon Office Systems Group.

I was also a co-founder of Cygnet Technologies, a leading creator of advanced integrated voice and data work stations and networking systems. I served as the Vice President of Marketing and Sales for the company, which received awards for its product

innovations. I am named on two of the pioneering patents granted to Cygnet. The Cygnet product line was a pioneer in collaborative computing and communicating workstations.

In addition, I have served as an advisor or board member of several technology companies. I am currently a Member of The Executive Committee of The Doctors' Company, a medical malpractice insurer in California, in which capacity I am responsible for the oversight of the implementation of a major ERP system for the company.

I have been a guest speaker at various industry meetings addressing issues of product development, marketing and intellectual property in the high-technology industry and have lectured at numerous graduate courses and society seminars in computer technology related subjects. I hold a B.S. in Engineering (cum laude) from The University of Southern California. I also hold a Degree in Business Administration from Hamilton Institute. I am a Registered Patent Agent before The United States Patent and Trademark Office. I am a member of the Intellectual Property Section of the California Bar Association, IEEE, PATCA, ACM, SPIE and the Computer Law Association. A copy of my resume is attached hereto as Exhibit A.

**B. Patents, Presentation and Publications**

A list of my patents, presentations and publications is attached hereto as Exhibit

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**C. Prior Testimony**

I have previously given testimony as an expert witness. A listing of my testimonial appearances for the last 4 years is attached hereto as Exhibit C.

**D. Compensation**

The Chatham Group is being compensated at my standard rate of \$350 per hour.

**E. Materials Reviewed**

1. Eligible Services List of the Schools and Libraries Support Mechanism, dated October 10, 2003
2. Eligible Services List of the Schools and Libraries Support Mechanism, dated December 2, 1999
3. Letter dated December 8, 2003 from Yi-Chin Ho, Esq. to Paul J. Loh, Esq.
4. Letter dated May 19, 2000 from James Alther, Administrator eRate office, Los Angeles Unified School District Instructional Technology Branch to Steve Newton, Premio Computer Inc.
5. Interoffice Memorandum, dated August 8, 2000 from Patrick Luce to James Alther, LAUSD eRate Office.
6. Inspection of two (2) Premio Computer Units as per the above referenced letter of December 8, 2003 from Yi-Chin Ho, Esq.
7. Discussions with Mr. Robert A. Lerche.
8. USAC overview web page (<http://www.universalservice.org/overview/>).
9. Office of the Inspector General Strategic Plan for Oversight of the Universal Services Fund (<http://www.fcc.gov/oig/USFStrategicAuditPlan.pdf>).
10. USAC web pages (<http://www.sl.universalservice.org/overview/about.asp>, <http://www.sl.universalservice.org/whatsnew/2003/092003.asp>).
11. Federal Communications Commission, *Public Notice DA Number: 97-2152*, October 3, 1997.
12. Internet Engineering Task Force, RFC 2131.

13. Cheswick, William R, and Steven M. Bellovin, *Firewalls and Internet Security*, Addison-Wesley, 1994

## II. Statement of Assignment

The statement of assignment of the inspection of the Premio Computers is set forth in the December 8, 2003 letter of Yi-Chin Ho, Esq. to Paul Loh, Esq. This letter is attached hereto as Exhibit D.

In a telephone conference call during the inspection on December 9, 2003, counsel for both parties indicated that the assignment also includes analyzing and explaining the meaning of terms related to eligible servers as used on page 18 of the Universal Service Administrative Company (“USAC”) Eligible Services List (“ESL”) and comparing the hardware configuration of the systems provided by Premio to a letter dated May 19, 2000, from James Alther, Los Angeles Unified School District E-Rate Office Administrator, to Steve Newton, Premio Computer Inc.<sup>1</sup>

## III. Summary of Opinions

Based on my experience and my analysis of the documents and information provided and reviewed, if called, I am prepared to testify as to the following conclusions:

1. The ESL revision dated October 10, 2003, does not give a sufficiently detailed specification to determine whether a particular hardware and software configuration of a computer system is or is not an eligible server.

Eligibility depends upon the use of a server, not its configuration.

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<sup>1</sup> LAUSD 01628, LAUSD 01629

2. The computers inspected at Premio match the configuration listed on Premio invoice #117892 SC, with only minor differences.
3. The computers inspected at Premio have substantially lower specifications than those indicated in the letter from James Alther, dated May 19, 2000.

## **IV. Basis for Opinions**

### **A. The USAC Eligible Services List**

#### **1. Origin**

USAC is a private, non-profit corporation<sup>2</sup> appointed by the Federal Communications Commission to administer the Universal Services Fund,<sup>3</sup> which includes the Schools and Libraries support mechanism, also known as the E-rate program.<sup>4</sup> That program disburses funds to beneficiaries for eligible services.<sup>5</sup>

The Schools and Libraries Division (“SLD”) of USAC oversees the programmatic aspects of the schools and libraries support mechanism<sup>6</sup> and publishes the Eligible Services List (“ESL”) on its web site.<sup>7</sup> The ESL indicates whether specific products or services may be able to receive discounts under the Schools and Libraries support mechanism.<sup>8</sup> From time to time the SLD revises the ESL, sometimes changing the definition of eligible services.

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<sup>2</sup> <http://www.universalservice.org/overview/>

<sup>3</sup> *Office of the Inspector General Strategic Plan for Oversight of the Universal Services Fund*, <http://www.fcc.gov/oig/USFStrategicAuditPlan.pdf>, p. 1

<sup>4</sup> *Ibid.*

<sup>5</sup> *Ibid.*, p. 3

<sup>6</sup> <http://www.sl.universalservice.org/overview/about.asp>

<sup>7</sup> <http://www.sl.universalservice.org/whatsnew/2003/092003.asp#092403>

<sup>8</sup> *Eligible Services List of the Schools and Libraries Support Mechanism*, October 10, 2003, p. 1

## **2. Background on Eligible Services**

The E-rate program was established in 1997, implementing provisions of section 254(h) of the Communications Act of 1934, as amended (also known as the Snowe-Rockefeller-Exon-Kerrey Amendment).<sup>9</sup> Supported services were to include telecommunications services, Internet access, and internal connections.

The ESL dated December 2, 1999 indicates that a file server is eligible for support, but later revisions of the ESL, including that dated October 10, 2003, indicate that a server for storing user files is *not* eligible.

In general, it appears the E-rate program is directed at supporting communication services, especially high-speed Internet connection service for libraries and schools. Servers providing infrastructure for such connections are eligible, whereas servers dedicated to other functions such as supplementing file storage for personal computers are not eligible.

## **3. Definition of an “Eligible Server” in the ESL of October 10, 2003**

The ESL agreed by the parties in this action as the operative definition for purposes of this report is the revision dated October 10, 2003.<sup>10</sup> Page 18 of that ESL revision indicates five uses for eligible servers: DHCP Server, Domain Name Server, E-Mail Server, Firewall Server and Terminal Server.

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<sup>9</sup> Federal Communications Commission, *Public Notice DA Number: 97-2152*, October 3, 1997, p. 1

<sup>10</sup> see Exhibit D, p. 1

The ESL does not indicate hardware or software specifications that determine eligibility. Rather, it indicates functions that eligible servers may perform. A file server may or may not be eligible depending on how it is used.<sup>11</sup>

**a. DHCP Server**

The Dynamic Host Configuration Protocol (DHCP) provides a framework for passing configuration information to hosts on a TCP/IP network. TCP/IP network protocols are defined by the Internet Engineering Task Force, and documented in publications called RFCs. DHCP is defined by RFC 2131.<sup>12</sup>

In a typical network, providing DHCP service requires only a small amount of computer resources, because DHCP clients request the service infrequently (for example, when booting a client PC), and the quantity of information delivered by the server is small (for example, host IP address and network gateway IP address).

The computers provided by Premio in this matter included Microsoft Windows NT 4.0 Server software, Service Pack 5. That software includes a built-in DHCP server.

**b. Domain Name Server**

The Domain Name System (DNS) is one of the Internet's fundamental building blocks. It is the distributed host information database responsible for translating names into addresses, routing mail to its proper destination, and many other services. A DNS server responds to name service requests, translating domain names into IP addresses.

Most DNS servers require only a small amount of computer resources, although servers handling very frequently referenced domains (e.g., nytimes.com or whitehouse.gov) may need substantially greater resources to support the load.

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<sup>11</sup> *Eligible Services List of the Schools and Libraries Support Mechanism*, October 10, 2003, p. 34

Microsoft Windows NT 4.0 Server includes a built-in DNS server.

**c. E-Mail Server**

E-mail (electronic mail) has been an important application of the Internet since its inception. However, the term “e-mail server” used in the ESL is ambiguous. An e-mail server might be a store-and-forward transmission system for electronic mail, or it might be a system that provides e-mail “in boxes” for a community of users, or it might be a system to reject unwanted e-mail containing unsolicited commercial messages (“spam”) or computer viruses.

Microsoft Windows NT 4.0 Server does not include any such e-mail server software. To support any such service, additional software would have to be added to the systems provided by Premio (e.g., Microsoft’s Exchange Server product).

**d. Firewall Server**

A network firewall is a system, placed between two computer networks that processes all traffic between the two networks and prevents unauthorized traffic from passing through.<sup>13</sup> A firewall protects computer systems “behind” the firewall (on the “inside”) from public (“outside”) network traffic that might compromise security.

Microsoft Windows NT 4.0 Server does not include any network firewall software and the systems provided by Premio included only a single network interface. A network firewall must include at least two network interfaces, one for “inside” and another for “outside.”

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<sup>12</sup> <http://www.ietf.org/rfc/rfc2131.txt>

<sup>13</sup> Cheswick, William R, and Steven M. Bellovin, *Firewalls and Internet Security*, Addison-Wesley, 1994, p. 9

### **e. Terminal Server**

The ESL does not give a specific definition of a terminal server and the term is ambiguous. A terminal server might be a device for connecting “dumb terminals” (character based devices) to a network or a system giving remote computers (e.g., Apple Macintosh or Unix systems) access to Microsoft Windows applications across the Internet.

Microsoft Windows NT 4.0 Server does not incorporate any such terminal server software. To support any such service, additional software would have to be added to the systems provided by Premio (e.g., Citrix Terminal Server).

## **B. Computer Inspection at Premio**

### **1. Background**

On December 9, 2003, Jerry Klein and Robert Lerche traveled to Premio Computer’s office in City of Industry, California, to conduct the inspection agreed to in the letter designated Exhibit D. Also in attendance were Daniel L. Dias, Network Engineer with the Los Angeles Unified School District, Steven W. Newton of SEMA4, and Tom Tsao, Vice President of Premio Computer, Inc.

On arrival, two Premio computer systems were already set up for the inspection in a conference room. Mr. Dias stated that he had selected them at random from the inventory of systems at issue in this case.

### **2. Inspection Procedure**

On each of the two computers, bearing serial numbers 2000049418 and 2000049389, Mr. Lerche performed the following procedure:

- boot from Windows NT 4.0 pre-installed on the computer’s internal hard disk,
- set the network interface to use DHCP to obtain network configuration,
- access the web site [www.nytimes.com](http://www.nytimes.com) (demonstrating that the network interface was operational),
- boot from a CD-ROM containing version 3.3 of the KNOPPIX distribution of Linux,<sup>14</sup>
- issue the commands “dmesg” and “fdisk -l /dev/sda” to report the hardware configuration, storing the results in a file (attached to this report as Exhibit F),
- power off the computer, open the cover, and examine the plug-in boards visually.

**3. Inspection Results and Comparison to Premio Invoice #117892 SC**

Both tested computers operated correctly, including their network interfaces. The following table is a comparison of the specifications on the invoice<sup>15</sup> versus the configuration reported by KNOPPIX and the visual inspection. The table applies to both computers – there was no observable difference between the two computers’ configurations.

Invoice	Reported by KNOPPIX	Visual inspection
Premio SHA-ATX-MT / BX3 / 440BX (system board)	N/A	Matches invoice
Intel Pentium III CuMine 600 MHz processor	Matches invoice	N/A

<sup>14</sup> <http://www.knoppix.com/>

<sup>15</sup> PC007630

Cooling fan for Pentium III	N/A	Matches invoice
2 x 128 MB main memory	Matches invoice	N/A
Western Digital Enterprise 9.1G 10K RPM SCSI hard drive	Matches invoice	Matches invoice
Adaptec 29160N SCSI controller	Matches invoice	Matches invoice
ATI XPERT 4MB SGRAM/AGP VGA	Frame buffer reported 3MB	N/A
Sony 8x/4x/32x CD-RW	Sony CD-RW model CRX140E	Drive present, model not visible
Ensoniq 128V/PCI sound card	Model not reported	Actually Creative Labs model CT4810 card
Intel Etherexpress/PCI 100+BT Ethernet adapter	Intel Ethernet Pro 100	Matches invoice

**4. Configuration Comparison to James Alther Letter Dated May 19, 2000**

The following table compares the computers inspected at Premio to the specification indicated in Mr. Alther's letter.

<b>Letter Specification</b>	<b>Inspected Computers</b>
Dual Pentium III 600MHz processor	Single Pentium III 600MHz processor
Redundant power supply	Non-redundant (single) power supply
320MB RAM	256MB RAM
6 Bay Hot-pluggable 1" or 1.6 Backplane	No hot-pluggable support
Single Channel Expandable RAID controller	No RAID controller
Three 18GB 7200 RPM SCSI hard drives	One 9GB 10000 RPM SCSI hard drive
Intel PRO/1000SX network interface card (gigabit ethernet)	Intel Etherexpress 100baseT network interface (100 megabit ethernet)
12/192GB Internal tape backup	Not present