Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
PENDLETON C. WAUGH,	)	EB Docket No. 07-147
CHARLES M. AUSTIN, and	)	File No. EB-06-IH-2112
JAY R. BISHOP	)	NAL/Acct. No. 200732080025
	)	
PREFERRED COMMUNICATION SYSTEMS, INC.	)	FRN No. 0003769049*
	)	
Licensee of Various Site-by-Site Licenses in the Specialized Mobile Radio Service.	)	
	)	
PREFERRED ACQUISITIONS, INC.	)	FRN No. 0003786183*
	)	
Licensee of Various Economic Area Licenses in the 800 MHz Specialized Mobile Radio Service	)	

PREFERRED ACQUISITIONS, INC.'S SUPPLEMENTED AND REVISED RESPONSES TO THE ENFORCEMENT BUREAU'S FIRST SET OF WRITTEN INTERROGATORIES**

Preferred Acquisitions, Inc. ("PAI"), by his attorneys, hereby responds to the *Enforcement Bureau's First Interrogatories to Preferred Acquisitions, Inc* , served on October 15, 2007, in the above-captioned matter. By mutual agreement between counsel, the date for this response was extended to November 8, 2007. Each interrogatory propounded is set forth below, with the same number assigned by the Enforcement Bureau ("Bureau"), followed by PAI's response.

1. Describe fully PAI's corporate structure for each year from January 1, 1998, to the present.

Answer: PAI was incorporated in the Commonwealth of Puerto Rico on July 23, 1999. It is and at all relevant times has been a wholly-owned subsidiary of PCSI. Charles M. Austin ("Austin") is and at all relevant times has been the President, CEO, and Chairman of the board of directors. From July 23,

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* The FRNs listed in the caption are incorrect. They appear to be duplicates that have never been used for licensing. The licenses and applications of Preferred Communication Systems, Inc., are associated with the FRN 0003944097, and the, and licenses and applications of Preferred Acquisitions, Inc., are associated with the FRN 0004675617.

** Interrogatory Nos. 46, 48, 59, and 60 have been supplied, supplemented, and/or revised. Tables 46 and 48 have been deleted, and replaced by cross-references to Tables 38.2 and39.2, respectively, of *Charles M. Austin's Supplemented and Revised Responses to the Enforcement Bureau's First Set of Written Interrogatories*, being served and filed concurrently in this proceeding. Otherwise, except for possible changes in formatting and pagination and correction of non-substantive typographical errors, responses herein are the same as those served on November 29-30, 2007.

1999, to May 30, 2001, Michelle Bishop was Vice President, Secretary, and a director of PAI. From May 30, 2001, to present, Linda McClain has been Vice President, Secretary, and a director of PAI.

2. Identify all officers, directors, shareholders, and creditors of PAI at any and all times during each year from January I, 1998, to the present. As to each such person:

a. Specify his or her office, title, or position held with PAI and dates of service in each office or position;

b. Specify the nature and extent of his or her stock interest in PAI including percentages of ownership and voting rights; and

c. If the person no longer is an officer, director, shareholder, and/or creditor of PAI, specify the date and reason that the person ceased being an officer, director, shareholder, and/or creditor of PAI.

Answer: The sole shareholder of PAI is PCSI. The Answer to Interrogatory No. 1, above, is incorporated herein by this reference with respect to officers, directors, and shareholders of PAI. Michelle Bishop no longer holds her previous positions because she resigned from them as of May 31, 2001.

3. Identify the name of all entities under which PAI has done business at any time during the period from January I, 1998, to the present. For each such entity:

a. Specify the principal place of business;

b. Specify the telephone number;

c. Specify the dates of operation; and

d. Specify the nature of such business.

Objection: This interrogatory is vague and overbroad, and responding to it would be unduly burdensome on PAI. I seeks, without limitation, information as to any and all companies with respect to any business dealings of any nature over a nearly ten year period. Given this virtually unlimited range, the inquiry extends far beyond the scope of the designated issues. The Interrogatory thus seeks information that is neither relevant to this proceeding nor likely to lead to the production or preservation of admissible evidence. It is therefore beyond the scope of proper discovery.

4. Describe any ownership interest in any business that PAI has held at any time during the period from January 1, 1998, to the present, and, for each such business, provide the dates of operation.

Answer: Insofar as relevant to the issued designated in this proceeding, PAI's sole business activity at all relevant times has been to pursue geographic licenses for 800 MHz Specialize Mobile Radio ("SMR") systems and to construct and operate such systems in various markets throughout the country.

5. State whether PAI has filed federal income tax returns for each year between January 1, 1998, and the present. If not, explain fully why not.

Objection: The Interrogatory thus seeks information that is neither relevant to this proceeding nor likely to lead to the production or preservation of admissible evidence. It is therefore beyond the scope of proper discovery.

6. *Describe each and every professional and/or trade license held by PAI between January 1, 1998, and the present.*

Answer: None.

7. *State whether Pendleton C. Waugh has ever held an interest of any kind and to any extent whatsoever in PAI, its applications, and or its licenses. If so, describe fully.*

Answer: Pendleton C. Waugh ("Waugh") has never held any equity in or been an officer, director, or employee of PAI.

8. *State whether Jay R. Bishop has ever held an interest of any kind and to any extent whatsoever in PAI, its applications, and or its licenses. If so, describe fully.*

Answer: *Jay R. Bishop* ("Bishop") has never held any interest in PAI.

9. *State whether Pendleton C. Waugh has ever directly or indirectly held any shares of PAI stock. If so, specify the number and class of shares that Pendleton C. Waugh has held, the dates of such acquisition, the terms of such acquisition, and the percentage of overall outstanding and issued stock shares those shares represented for every year that Pendleton C. Waugh held such stock.*

Answer: No.

10. *State whether Jay R. Bishop has ever directly or indirectly held any shares of PAI stock. If so, specify the number and class of shares that Jay R. Bishop has held, the dates of such acquisition, the terms of such acquisition, and the percentage of overall outstanding and issued stock shares those shares represented for every year that Jay R. Bishop held such stock.*

Answer: No.

11. *Identify all contracts, agreements, or understandings, whether oral or written, whether currently in existence or otherwise, of any kind whatsoever, between Pendleton C. Waugh and PAI.*

Answer: None.

12. *Identify all contracts, agreements, or understandings, whether oral or written, whether currently in existence or otherwise, of any kind whatsoever, between Jay R. Bishop and PAI.*

Answer: None.

13. *State whether Pendleton C. Waugh has ever entered into any agreements to acquire shares of PAI stock directly or indirectly. If so, specify the number and class of any shares he agreed to acquire and identify the parties to, dates of, and terms of each such agreement.*

Answer: PAI incorporates by this reference and adopts the response of PCSI to the Bureau's December 27, 2006, letter of inquiry to PCSI ("*LOI-2*"), in particular the response to Inquiry No. 1 of *LOI-2*, as modified or clarified in the Austin's response to Interrogatory No. 46 in the separate set of interrogatory responses being served concurrently herewith.

14. State whether Jay R. Bishop has ever entered into any agreements to acquire shares of PAI stock directly or indirectly. If so, specify the number and class of any shares he agreed to acquire and identify the parties to, dates of, and terms of each such agreement.

Answer: The Answer to Interrogatory No. 13, above, is incorporated herein by this reference.

15. State whether any of the authorizations licensed to PAI are or ever have been controlled in part or in full by Pendleton C. Waugh. If so, state the type of control or ownership interest. For each ownership interest, state the percentage of such ownership.

Answer: No.

16. State whether any of the authorizations licensed to PAI are or ever have been controlled in part or in full by Jay R. Bishop. If so, state the type of control or ownership interest. For each ownership interest, state the percentage of such ownership.

Answer: No.

17. State whether Pendleton C. Waugh is or at any time has been the real party-in-interest behind any of PAI's licenses or applications.

Answer: No.

18. State whether Jay R. Bishop is or at any time has been the real party-in-interest behind any of PAI's licenses or applications.

Answer: No.

18. State whether Jay R. Bishop is or at any time has been the real party-in-interest behind any of PAI's licenses or applications.

Answer: No.

19. State whether PAI or any individual on behalf of PAI has entered into a management contract (whether written or otherwise) for control of the day-to- day operations of PAI. If so, provide the dates, terms, and description of the services/responsibilities of the manager under such contract.

Answer: No.

20. Identify all current and former employees of PAI during the period from January 1, 1998, to the present. As to each such person:

a. Specify his or her title, position held, job responsibilities, and dates of service in such title and/or position held; and

b. If the person no longer is an employee of PAI, specify the date and reason the person left the employment of PAI.

Answer: None.

21. *Identify all current and former managers and supervisors of PAI during the period from January 1, 1998, to the present. As to each such person:*
    a. *Specify his or her title, position held, job responsibilities, and dates of service in each position held; and*
    b. *lithe person no longer is an employee of PAI, specify the date and reason the person left the employment of PAI.*

Answer: None.

22. *Identify all individual(s) that have had unfettered use of all of PAI's licenses and/or equipment from January 1, 1998, to the present.*

Answer: Austin.

23. *Identify all individual(s) that have had responsibility for control of PAI's daily operations from January 1, 1998, to the present.*

Answer: Austin has at all relevant times (including the present) been actively involved and primarily responsible for all daily operations of PAI, which itself has no employees. All functions of PAI are performed by PCSI for the benefit of PAI. In that regard, Austin has at all relevant times (including the present) been actively involved and primarily responsible for all daily operations of PCSI. All other individuals involved in any capacity have acted at the behest of Austin and have reported to him.

24. *Describe in detail Charles M. Austin's responsibilities for the day-to-day operations of PAI between January 1, 1998, and the present, including but not limited to (1) supervision of employees; (2) control of directors; (3) FCC filings; (4) debt or operations financing; and (5) revenue generation and allocation. If the nature of such involvement has changed in any way between the period of time from January 1, 1998, to the present, describe fully how such involvement changed.*

Answer: At all relevant times (including the present), PAI has not had any employees, and all such functions are performed through PCSI. In that regard, the Answer to Interrogatory No. 23, above, in incorporated by this reference.

25. *State whether PAI has ever employed Pendleton C. Waugh. If so, state the dates and terms of such employment, the nature of the services provided by Pendleton*

Answer: No.

26. *Describe in detail Pendleton C. Waugh's responsibility for the day-to-day operations of PAI between January 1, 1998, and the present, including but not limited to (1) supervision of employees; (2) control of directors; (3) FCC filings; (4) debt or operations financing; and (5) revenue generation and allocation. If the nature of such involvement has changed in any way*

between the period of time from January 1, 1998, to the present, describe fully how such involvement changed.

Answer: None.

27. *State whether PAI has ever employed Jay R. Bishop. If so, state the dates and terms of such employment, the nature of the services provided by Jay R. Bishop, and compensation paid for such services.*

Answer: No.

28. *Describe in detail Jay R. Bishop's responsibilities for the day-to-day operations of PAI between January 1, 1998, and the present, including but not limited to (1) supervision of employees; (2) control of directors; (3) FCC filings; (4) debt or operations financing; and (5) revenue generation and allocation. If the nature of such involvement has changed in any way between the period of time from January 1, 1998, to the present, describe fully how such involvement changed.*

Answer: None.

29. *Identify all individual(s) that have ever been responsible for preparing, filing, or assisting in preparing and filing, Documents on behalf of PAI with the Commission.*

Answer: Austin has at all relevant times (including the present) had full authority and responsibility with respect to the preparation and filing of FCC submissions by and on behalf of PCSI and PAI. To the best of Austin's recollection, the following individuals and firms have, from time to time, assisted or advised in such matters: (a) Michelle Bishop; (b) Linda McClain; (c) Pendleton C. Waugh; (d) Charles Guskey; (e) Brown, Nietert & Kaufman; (f) Charles J. Ryan III, Esq.; PO Box 4782; Upper Marlboro MD 20775; Tel. 301-249-3010); (g) Patton Boggs, LLP; 2550 M Street NW; Washington DC 20037; Tel. 202-456-6000; (h) Rini, Coran & Lancellotta (1615 L Street NW Suite 1325; Washington DC 20036; Tel. 202-296-2007); and (i) CTO, i.e., Concepts-to-Operations, Inc. (801 Compass Way Suite 217; Annapolis MD 21401; Tel. 410-224-8911).

30. *State whether Pendleton C. Waugh has ever participated in preparation, filing, or assisting in preparing and filing, of Documents on behalf of PAI with the Commission. If so, explain fully such participation.*

Answer: No.

31. *Identify all individual(s) that have ever prepared Documents containing the phrase "action items" on behalf of PAI. Provide a general explanation of the content of each such Document.*

Objection: The term "action items" is a generic, ubiquitous term, particularly in business and management settings where it is used on all sorts of documents, both formal and informal, including, but

not limited to, to-do lists, agendas, meeting notes, memoranda, etc. See, e.g., the entry on the term in Wikipedia: <http://en.wikipedia.org/wiki/Action_item>. Accordingly, the request is overbroad, and responding to it would be unduly burdensome. Moreover, due to the virtually unlimited scope of the interrogatory, much of the requested information is likely neither relevant to the designated issues nor likely to lead to the production or preservation of admissible evidence. It is therefore beyond the scope of proper discovery.

32. *State whether Pendleton C. Waugh has ever prepared Documents containing the phrase "action items" on behalf of PAI. If so, explain fully such participation.*

Objection: The Objection to Interrogatory No. 31, above, is incorporated herein by this reference.

33. *Identify all individual(s) that have ever prepared, or assisted in preparing, correspondence or other materials to investors on behalf of PAI. Provide a general explanation of the content of each such Document.*

Objection: This request is overbroad and unduly burdensome. It calls for information regarding virtually anyone who has had any role in preparing—or merely assisting in preparing—correspondence with investors over a ten year period. Responding would therefore be unduly and unnecessarily burdensome. Moreover, due to the virtually unlimited scope of the interrogatory, much of the requested information is likely neither relevant to the designated issues nor likely to lead to the production or preservation of admissible evidence. It is therefore beyond the scope of proper discovery. Notwithstanding and without waiving this objection, PAI voluntarily offers the following limited response.

Answer: PAI has at all relevant times (including the present) had full authority and responsibility with respect to the preparation of such materials.

34. *State whether Pendleton C. Waugh has ever prepared, or assisted in preparing, correspondence or other materials to investors on behalf of PAI. If so, explain fully his involvement.*

Objection: The Objection to Interrogatory No. 33, is incorporated herein by this reference.

Answer: The Answer to Interrogatory No. 33, above, is incorporated herein by this reference.

35. *Identify all individual(s) that have ever been responsible for negotiating with other parties on behalf of PAI, such as in contracts, investment agreements, and/or legal proceedings.*

Objection: This request is overbroad. It calls for information regarding virtually every contract, agreement, or legal proceeding over a ten year period. Responding would therefore be unduly and unnecessarily burdensome. Moreover, due to the virtually unlimited scope of the interrogatory, much of the requested information is likely neither relevant to the designated issues nor likely to lead to the production or preservation of admissible evidence. It is therefore beyond the scope of proper discovery. Notwithstanding and without waiving this objection, PAI voluntarily offers the following limited response.

Answer: PAI has at all relevant times (including the present) had full authority and responsibility with respect to such matters.

36. State whether Pendleton C. Waugh has ever participated in negotiation with other parties on behalf of PAI, such as in contracts, investment agreements, and/or legal proceedings. If so, explain fully such participation.

Objection: The Objection to Interrogatory No. 35, is incorporated herein by this reference.

Answer: The Answer to Interrogatory No. 35, above, is incorporated herein by this reference.

37. Identify all individual(s) responsible for the creation of the annual budget for PAI for each year beginning in 1998 to the present.

Answer: Austin has at all relevant times (including the present) had full authority and responsibility with respect to such matters.

38. State whether Pendleton C. Waugh has ever participated in creating the annual budget for PAI. If so, explain fully such participation.

Answer: No.

39. Identify all individual(s) that have been responsible for payment of financing obligations that PAI has incurred, including expenses arising out of operating, since the date of PAI's inception.

Answer: The Answer to Interrogatory No. 37, above, is incorporated herein by this reference.

40. State whether Pendleton C. Waugh has ever fully held or shared responsibility for payment of financing obligations that PAI has incurred, including expenses arising out of operating. If so, explain fully. If Pendleton C. Waugh has ever shared such responsibility, identify with whom he has shared it.

Answer: No.

41. Identify all individual(s) who have ever received consideration of any kind whatsoever, compensation, monies, and/or profits from the operation of PAI's facilities or business. Describe fully what share, percentage, and/or amount of such consideration, compensation, monies, and/or

profits that each individual receives and disclose any agreements pertaining to such receipt. As to each individual, state the time period(s) during which such receipt of compensation, monies, and/or profits occurred.

Answer: PAI does not directly engage any employees, consultants, or other agents. Functions of and services on behalf of PAI are performed by PCSI, its parent company.

42. *State whether Pendleton C. Waugh has ever received consideration of any kind whatsoever, compensation, monies and/or profits from the operation of PAI's facilities or business. If so, explain fully.*

Answer: The Answer to Interrogatory No. 41, above, is incorporated herein by this reference.

43. *Identify all individual(s) that have had authority to hire, fire, or supervise PAI's employees, since the date of its inception.*

Answer: At all relevant times (including the present), PAI has not had any employees.

44. *State whether Pendleton C. Waugh has ever hired, fired, or supervised PAI's employees. If so, explain fully.*

Answer: The Answer to Interrogatory No. 43, above, is incorporated herein by this reference.

45. *Specify the date on which PAI became a Commission licensee.*

Answer: On or about December 20, 2000.

46. *Specify by licensee name, licensee address, licensee telephone number, call sign, service, location, and expiration date all FCC licenses held and/or controlled by PAI.*

Objection: This interrogatory is overly broad and unduly burdensome to the extent it calls for information regarding licenses that may have been held in the past, but are no longer held and are not reflected in the Commission Uniform Licensing System ("ULS") database. Moreover, due to the virtually unlimited scope of the interrogatory, much of the requested information is likely neither relevant to the designated issues nor likely to lead to the production or preservation of admissible evidence. It is therefore beyond the scope of proper discovery. Notwithstanding and without waiving this objection, PAI voluntarily offers the following limited response with respect to facilities reflected in the ULS database and any other past facilities for which Austin has been able to locate records.

Answer: A Listing of the active licenses (i.e., in "active" status in the ULS) with requested information for PAI is set forth in Table 38.2 in *Charles M. Austin's Supplemented and Revised*

Responses to the Enforcement Bureau's First Set of Written Interrogatories , being served and filed concurrently in this proceeding, which such table is incorporated herein by this reference.

47. Specify by licensee name, licensee address, licensee telephone number, call sign, service, location, and expiration date all FCC licenses held and/or controlled by each and every officer, director, and shareholder of PAI

Objection: The Objection to Interrogatory No. 46, above, in incorporated by this reference. Notwithstanding and without waiving this objection, PAI voluntarily offers the following limited response.

Answer: To the best of PAI's knowledge, information, and belief, no officer, director, or shareholder of PIA holds or controls any FCC license.

48. Identify by file number, application number, application title, date of filing, purpose, and disposition of each and every application filed with the Commission by or on behalf of PAI between January 1, 1998, and the present. As to each such application:

a. Identify each and every person who was engaged in the planning, preparation, review, and/or filing of the application; and

b. Describe fully the nature and extent of his or her involvement therein.

Objection: PAI incorporates herein and adopts as its own the Table 38.2 and the Answer to Interrogatory No. 38 of *Charles M. Austin's Supplemented and Revised Responses to the Enforcement Bureau's First Set of Written Interrogatories* , being served and filed concurrently in this proceeding.

Answer: PAI incorporates herein and adopts as its own the Table 39.2 and the Answer to Interrogatory No. 39 of *Charles M. Austin's Supplemented and Revised Responses to the Enforcement Bureau's First Set of Written Interrogatories* , being served and filed concurrently in this proceeding.

49. State whether any officer, director, and/or shareholder of PAI has ever been convicted of a felony in a state or federal court. If so, as to each such conviction:

a. Specify the case number;

b. Identify the convicted felon;

c. Specify the court in which the conviction occurred;

d. State the date of the conviction;

e. Describe the nature of the offense;

f. State the date of the offense; and

g. Describe the nature and extent of the sentence handed down.

Answer: No.

50. Specify when, where, and by what means Charles M. Austin learned that Pendleton C. Waugh had been convicted of a felony in federal court involving structuring financial transactions with intent to evade federal reporting requirements. Describe fully any Documents relevant to the discovery of such information.

Answer: Austin was informed of Waugh's federal conviction by a letter sent to him and others by Waugh in October 1994 discussing Waugh's guilty plea. Austin learned of Waugh's state conviction in May 1999 pursuant to a telephone call from Waugh.

51. Specify when, where, and by what means Charles M. Austin learned that Pendleton C. Waugh had been convicted of a felony in state court involving securities fraud. Describe fully any Documents relevant to the discovery of such information.

Answer: Austin, PAI's President and CEO, was informed of Waugh's federal conviction by a letter sent to him and others by Waugh in October 1994 discussing Waugh's guilty plea. Austin learned of Waugh's state conviction in May 1999 pursuant to a telephone call from Waugh.

52. Specify when, where, and by what means Charles M. Austin learned that Jay R. Bishop had been convicted of felonies in federal court involving intent to defraud the U.S. government and tax evasion. Describe fully any Documents relevant to the discovery of such information.

Answer: PAI learned of this through Austin, its President and CEO. Austin does not recall the specific communication(s) in which he first became aware of Bishop's conviction. Austin and Bishop have been friends since childhood and speak frequently and often informally. It was in the context of this ongoing personal relationship that Austin became aware of Bishop's legal problems.

53. State whether PAI ever reported the felony convictions of Pendleton C. Waugh to the Commission at any time prior to July 27, 2006. If so, identify by whom and specify when and the method by which PAI reported such convictions to the Commission. If not, explain fully why PAI did not report such convictions to the Commission prior to July 27,2006.

Answer: PAI did not report any such matter because it was not relevant to nor was the disclosure required in connection with any active FCC matter in which PAI was involved.

54. State whether PAI ever reported the felony convictions of Jay R. Bishop to the Commission at any time prior to January 25, 2007. If so, identify by whom and specify when and the method by which PAI reported such convictions to the Commission. If not, explain fully why PAI did not report such convictions to the Commission prior to January 25,2007.

Answer: PAI did not report any such matter because it was not relevant to nor was the disclosure required in connection with any active FCC matter in which PAI was involved.

55. Identify by file number, application number, application title, date of filing, purpose of the application, and disposition each and every application that PAI has filed with the Commission between January 1, 1998, and the present in which it responded "No" to the question, "Has the applicant to this application or any party directly or indirectly controlling the applicant ever been convicted of a felony by any state or federal court?" As to each such application, describe fully the basis for such "No" response.

Answer: To PAI's best recollection, and based on good faith information and belief, any application falling within the scope of this interrogatory would have contained such a "No" response. The basis for such response is that it was the correct and truthful.

56. With respect to the FCC Form 175, dated July 17, 2000, submitted by PAI, in Auction 34:

a. Identify each and every person who was involved in any manner and to any extent in the decision to file the application.

i. Describe the nature and extent of each person's involvement.

ii. Describe fully the basis for the decision to file the application.

b. Identify all persons who were involved in drafting the following statement on page 1 of Exhibit A to the application: "PCSI has agreed to issue additional shares that would dilute the ownership of Mr. Austin, conditioned upon receipt of prior FCC approval. PCSI expects to file an application seeking such FCC approval with respect to PCSI's incumbent 800 MHz licenses in the near future. However, as PCSI is contractually committed to seek such FCC approval, PCSI is providing the information herewith to show what the ownership would be on a fully diluted basis after a receipt of FCC approval and after conversion into equity of all existing convertible debt instruments."

c. State the date when that application was filed with the Commission, and state whether that representation was true on that date. If not, explain fully why not.

d. State whether the representation in subpart b. is currently true, and if not, explain fully why not.

e. Identify all persons who were involved in drafting the statement "Fully diluted ownership of PCSI voting stock" on pages 1 of Exhibit A to the application and noted "32.1" next to the each of the following: Charles M. Austin, Raymond A. Hebrank Irrevocable Voting Trust, and Bishop Irrevocable Trust.

f. State the date when that application was filed with the Commission, and state whether that representation was true on that date. If not, explain fully why not.

g. State whether the representation in subpart e. is currently true, and if not, explain fully.

h. State whether the application disclosed that Pendleton C. Waugh held 800,000 shares of PCSI stock. If so, identify the place in the application disclosing such interest. If not, describe fully why not.

i. State whether PAI certified as to the accuracy of the information in the application. If so, identify who so certified on behalf of PAI If not, describe fully the basis for such decision.

Objection: PAI objects insofar as this interrogatory calls for information that is a matter of Commission record and subject to official notice (e.g., the date on which FCC filings were made, whether filings contained certifications, etc.). PAI further objects insofar as parts of this interrogatory call for legal opinions or conclusions. PAI otherwise answers below.

Answer: PAI incorporates herein by this reference its response to Inquiry No. 14 of *LOI-2*. It is hereby further answered and clarified that the persons identified in subsection (a) to that response as being the ones principally involved in preparation of the filing worked at the direction of Austin who reviewed and approved the final version before submission to the FCC. Regarding the "fully diluted ownership"

statements, as was disclosed in the same document, PCSI had agreed to issue shares to the Raymond A. Hebrank Irrevocable Voting Trust and to the Jay Bishop Irrevocable Trust, "conditioned upon the receipt of FCC approval." It was further stated that, "as PCSI is contractually committed to seek such FCC approval, PCSI is providing the information herewith to show what the ownership would be on a fully diluted basis after receipt of FCC approval …." Thus, it was clearly stated that these shares had not yet been issued and would not be issued absent prior FCC approval. The statement was and remains accurate. In addition to the general response regarding persons involved in preparation of this application, the persons most directly in involved in drafting this particular statement about "fully diluted ownership" was Michelle Bishop in consultation with FCC regulatory counsel for PCSI. It was understood, based on advice of counsel, that in connection with short form applications (FCC Form 175) to participate in spectrum auctions even executory (i.e., not yet performed) agreements, options not yet exercised, and similar "potential" interests were to be disclosed as if exercised and realized, i.e., "fully diluted," and for that reason the agreement regarding the issuance of these shares was disclosed in the FCC Form 175. The application did not disclose that Waugh held 800,000 shares of PCSI stock because he in fact did not hold any such shares.

57. With respect to the FCC Form 602, FCC Ownership Disclosure Information for the Wireless Telecommunications Services, Schedule for Disclosable Interest Holders, dated September 20, 2000, submitted by PAI, in Auction 34:

a. Identify each and every person who was involved in any manner and to any extent in the decisions regarding the nature and content of the Form 602.

i. Describe the nature and extent of each person's involvement.

ii. Describe fully the basis for the decisions regarding the nature and content of the Form 602.

b. Identify all persons who were involved in drafting "Preferred Communication Systems, Inc." under "Disclosable Interest Holder's Name (If Entity)" on page I of Schedule A of Form 602.

c. Identify all persons who were involved in drafting "Charles M. Austin" under "Disclosable Interest Holder Information" on page 2 of Schedule A of Form 602.

d. State whether PAI identified any additional disclosable interest holders in the Form 602. .If so, identify such additional disclosable interest holders. If not, describe fully the basis for such decision.

e. State whether PAI certified as to the accuracy of the information in the Form 602 on page l. If so, identify who so certified on behalf of PAI. If not, describe fully the basis for such decision.

Objection: The Objection to Interrogatory No. 56, above, in incorporated by this reference.

Answer: PAI incorporates herein by this reference its response to Inquiry No. 15 of *LOI 2*. In further response to Interrogatory 57.a, above, the answer is the same as that given in response to subsection (a) of Inquiry No. 15 of *LOI 2*, as further answered and clarified in the Answer to Interrogatory No. 56, above. Michelle Bishop, in consultation with FCC regulatory counsel, was the person principally responsible for preparing this form. The application document speaks for itself in terms of the interests disclosed, and PAI stands by the accuracy of the statements in the application. It is clarified that the "10.00" percent figure attributed to Austin at item 7 of the form is a clerical error, and should have read "100.0" percent. On information and belief, Ms. Bishop reported Austin as having 100% interest in PAI based on her understanding that because: (a) his majority controlling interest in PCSI would, in accordance with the instructions for FCC Form 602, result in a 100% attribution, and therefore a 100% indirect interest in PAI; and (b) the FCC Form 175 requirement to report "fully diluted" executory agreements did not apply to FCC Forms 601 and 602. This answer is provided as a factual statement of the considerations relied upon, not as an opinion as to the legal accuracy of the statements.

58. With respect to the FCC Form 601, FCC Application for Wireless Telecommunications Bureau Radio Service Authorization, dated September 27, 2000, submitted by PAI, in Auction 34:

a. Identify each and every person who was involved in any manner and to any extent in the decision to file the application.

i. Describe the nature and extent of each person's involvement.

ii. Describe fully the basis for the decision to file the application.

b. Describe fully the basis for not responding to Inquiry 28 on page 2 of the application, which requests the "Name of Real Party in Interest of Applicant (if different from applicant)."

c. Describe fully the basis for PAI's answer of "N" to indicate "No" to Inquiry 50 on page 3 of the application, which states "Has the applicant or any party to this application, or any party directly or indirectly controlling the applicant, ever been convicted of a felony by any state or federal court?"

d. State whether PAI certified as to the following statements on page 4 of the application, and if so, identify, as to each, who signed such certification on behalf of PAI:

i. "The applicant certifies that all statements made in this application and in the exhibits, attachments, or documents incorporated by reference are material, are part of this application, and are true, complete, correct, and made in good faith."

ii. "The applicant certifies that it either (l) has current ownership data on file with the Commission, (2) is filing updated ownership data simultaneously with this application, or (3) is not required to file ownership data under the Commission's rules." As to this last statement, if PAI so certified, explain which aspect of the statement applied to PAI.

Objection: The Objection to Interrogatory No. 56, above, in incorporated by this reference.

Answer: PAI incorporates herein by this reference its response to Inquiry No. 16 of *LOI 2*. In further response to Interrogatory 58.a, above, the answer is the same as that given in response to subsection (a) of Inquiry No. 15 of *LOI 2*, as further answered and clarified in the Answer to Interrogatory No. 56, above. PAI also incorporates, insofar as applicable, its Answer to Interrogatory No. 57, above. The failure to enter a response at Item 28 of the FCC Form 601 appears to have been either an inadvertent oversight or a misunderstanding of the instructions. It is clearly disclosed elsewhere in the application, however, that PCSI and Austin are real parties in interest. The basis for the negative response to Item 50 was that this was the accurate and truthful response.

59. With respect to the FCC Form 601, FCC Application for Wireless Telecommunications Bureau Radio Service Authorization, dated December 14, 2005, amended December 22, 2005, and submitted by PAI:

a. Identify each and every person who was involved in any manner and to any extent in the decision to file the application.

i. Describe the nature and extent of each person's involvement.

ii. Describe fully the basis for the decision to file the application.

b. With respect the statement on page 5 of Exhibit 1 of the application that "Preferred has commenced construction as envisioned by that standard. It has the necessary frequency radio neutral equipment on hand or on firm order. It has the necessary commitments for tower site locations," state whether PAI made the statement. If so, provide the following infom1ation:

i. Identify who made this statement on behalf of PAI.

ii. Describe fully the basis for such statement.

iii. State whether the statement was accurate when PAI submitted the application

iv. State whether the statement is currently accurate, and if not, describe fully why.

c. With respect to the following statement, appearing 10 times in describing each of 10 EA markets in which PAI holds licenses, on pages 1-2 of the Declaration of Charles M. Austin attached to the application: "Preferred has negotiated and finalized site leases for each of these sites. All leases have been or will be executed by both parties as of December 20,2005," state whether PAI, through Charles M. Austin, made the statement. If so, provide the following information:

i. Describe fully the basis for such statement for each EA market.

ii. State whether the statement was accurate for each EA market when PAI submitted the application.

iii. State whether the statement is currently accurate for each EA market, and if not, explain fully why.

d. State whether there are any statements in the application that were inaccurate as of the date that PAI submitted it. If so, identify which statements, and explain fully how they were inaccurate.

e. State whether there are any statements in the application that have become inaccurate since PAI filed the application. If so, describe fully such statements, the date they became inaccurate, and how they have become inaccurate.

f. With respect to statements identified in answer to Inquiries 46.e. or 46.f., if any, state whether PAI ever updated the Commission concerning the inaccuracies in its applications and describe fully the date and mechanism of such update(s). If not, describe

fully why PAI made no such updates to the Commission. If no statements were identified in answer to Inquiries 46.e. or 46.f., state "Not applicable."

Objection: The Objection to Interrogatory No. 56, above, in incorporated by this reference.

Answer: Austin is the controlling principal of PAI, and therefore had ultimate and final authority over the preparation and submission of this application. PAI decided to file this application, after consultation with FCC regulatory counsel, based on the propriety of a waiver in light impact of the800 MHz rebanding proceeding, status of negotiations with Nextel, and the need for additional time to construct even in the absence of a waiver. To the best of Austin's recollection, the following individuals and firms have, from time to time, assisted or advised in such matters: (a) Linda McClain; and (b) Patton Boggs, LLP; 2550 M Street NW; Washington DC 20037; Tel. 202-456-6000; (c) Charles J. Ryan III, Esq.; PO Box 4782; Upper Marlboro MD 20775; Tel. 301-249-3010); and (d) CTO, i.e., Concepts-to-Operations, Inc. (801 Compass Way Suite 217; Annapolis MD 21401; Tel. 410-224-8911).

The referenced statement from page 5 of Exhibit 1 was drafted by legal counsel based on information provided by PAI. Austin was principally responsible for the factual assertions in the statement, although he understands the statement essentially to be stating a legal conclusion based on certain fact. To the best of Austin's and PAI's information, the statement was true when made and remains true now.

With respect to the referenced statements from pages 1-2 of the Declaration of Charles M. Austin attached to the application, the basis for the statements was PAI's good faith belief in their accuracy at the time made. The statements were substantially and materially true when made. The application for waiver and extension was being prepared for submission on the construction deadline, December 20, 2005, and it was believed in good faith that signed leases would be in hand by that date. As of that date PAI's parent company, PCSI, had obtained executed leases for all but seventeen towers managed by American Tower. PCSI was advised that American Tower was revamping its internal procedures for processing lease documents, and there would be a delay in generation of the actual lease documents. Nevertheless, PCSI had a legally binding agreement with American Tower to lease the seventeen towers I question and, as early as November 2005, had already paid three months' worth of rental as a deposit on the leases for the

towers. The actual lease documents were eventually generated by American Tower starting in the third week of January into March of 2006. The significance of the statement in the application was to indicate that PAI had arranged for leases at the sites in question as of the construction deadline, and this was in fact true. The lack of a physical lease document in any particular case, therefore, was not significant and did not render the statement untruthful in any material respect.

The waiver request and extension application has been pending for nearly two years with no action by the FCC. In that time, PAI has allowed one or more of the leases to expire or lapse on its own terms, and in some cases the lessor may consider PCSI to be in default. PAI has not amended the application to reflect this because it is not material to the pending request. PAI offered the statement regarding having leases by the December 20 deadline primarily in support of its alternative request for a six month extension of the deadline in the event its waiver request were denied. The primary request in the application, however, was for an open-ended waiver of the construction period, to run six months from the later of (a) the date on which the Transition Administrator assigned new channels to PAI, or (b) in the event of interference impediments the completion reconfiguration in the applicable NBSPAC Region. If this waiver were denied, PAI alternatively sought a simple, six month extension of the construction deadline, from December 20, 1995.

The point of the “signed leases” statement, therefore, was to demonstrate PAI’s due diligence prior to the December 20, 2005, construction deadline, i.e., that PAI had diligently arranged for tower leases and was not seeking the extension for that reason. This was in fact true, i.e., notwithstanding the lack of a physical lease document for the seventeen American Tower facilities, PAI had the requisite lease authority as of the deadline. PAI did not intend the statement to be a commitment to continue paying rental indefinitely regardless of when or even whether the FCC acted on the application. The subsequent lapse of leases in the nearly two years of inaction on the application changes neither its substantial accuracy—it was and remains true that PAI had legally binding lease agreements as of the initial construction deadline—nor its material relevance to the regulatory issue—it was and remains true that PAI had diligently pursued construction up to December 20, 2005.

Based in part on advice of counsel, PAI understood that the only significance of allowing a lease to expire would be that, if and when the FCC granted a waiver, PAI would potentially have as little as six months in which to arrange new leases sufficient to enable timely construction, and could not expect any extension of that time based on not having a lease. Accordingly, PAI did not consider there to have been any changes in the facts of sufficient materiality to require updating the application.

60. State whether PAI has constructed its own facilities to build out its licenses, or whether it has leased facilities to enable operation of its licenses. If the former, identify the address of such facilities. If the latter:

a. Identify each company from which PAI has leased such facilities, including the name, address, and phone number of a contact person at the company; the dates of such leases; the parties to such leases; the licenses to which such leases apply; and payments that PAI makes under such leases. Submit copies of such leases and related Documents, including proof that PAI has made payments under such leases.

b. State whether PAI has ever defaulted on any tower leases pertaining to its licenses. If so, explain fully the basis for such default, whether PAI owes money due to such default, and whether there is any past or current litigation concerning such default.

c. State whether PAI has ever defaulted on any tower leases pertaining to its licenses. If so, specify the license(s) to which any such lease pertains, the parties to any such lease, the date that any such lease was entered, and the date on which PAI defaulted on any such lease. Additionally, describe fully the circumstances of such default, and identify the tower lessor and an appropriate contact person at the tower company.

Objection: The Objection to Interrogatory No. 56, above, in incorporated by this reference.

Statement: The question is somewhat vague, but from the context, PAI assumes that the reference to "facilities" is limited to antenna space (whether on a tower or otherwise) including accompanying transmitter site space. In this regard, PAI has intended to lease the site access and tower space from third parties, and has in fact contracted to so in the past. PAI does not believe itself to have "defaulted" on any such lease agreement, although leases have been permitted to expire or lapse on their own terms, for the reasons set forth in the Answer to Interrogatory No. 59, above. Deferred Answer: See "Statement" in the preceding paragraph.

61. State whether Pendleton C. Waugh has ever been involved in any manner and to any extent whatsoever, either directly or indirectly, in drafting, filing, or submitting any applications on behalf of PAI before the FCC. If so, state the full name, date, and if applicable, FCC File Number, of each such application, and describe fully the extent of his involvement as to each application.

Answer: No.

62. State whether Jay R. Bishop has ever been involved in any manner and to any extent whatsoever, either directly or indirectly, in drafting, filing, or submitting any applications on behalf of PAI

before the FCC. If so, state the full name, date, and if applicable, FCC File Number, of each such application, and describe fully the extent of his involvement as to each application.

Answer: No.

63. *State whether PAI, or any entity controlled or operated by PAI, is or has been involved in any litigation between January 1, 1998, and the present. If so, identify the parties, and describe the nature and status of all such litigation.*

Answer: No.

64. *State whether PAI received a copy of the Order to Show Cause and Notice of Opportunity for Hearing in Pendleton C. Waugh, et al., FCC 07-125 (released July 20,2007), and if so, the elate on which PAI received it.*

Objection: PAI has entered a timely notice of appearance in this proceeding and is fully participating in it as a named party, thereby rendering moot any possible relevance of whether and when in received the designation order. The Interrogatory thus seeks information that is neither relevant to this proceeding nor likely to lead to the production or preservation of admissible evidence. It is therefore beyond the scope of proper discovery. Notwithstanding and without waiving this objection, PAI voluntarily offers the following limited response.

Answer: PAI received the designation order but does not recall precisely when.

Respectfully submitted,

PREFERRED ACQUISITIONS, INC.

By: _____

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His Attorneys

Date: December 3, 2007

In re: EB Docket No. 07-147

DECLARATION OF CHARLES M. AUSTIN

I, Charles M. Austin, hereby depose and state that: (a) I am the principal of Preferred Acquisitions, Inc., an FCC licensee and also a named party in the above-referenced proceeding; (b) that I have assisted hearing counsel in the preparation of *Preferred Acquisitions, Inc.'s Supplemented and Revised Responses to the Enforcement Bureau's First Set of Interrogatories*, being served on the parties and submitted to the Commission on or about December 3, 2007; (c) that I have personal knowledge of the factual matters asserted in said response; and (d) that such factual statements, save and except matters of which official notice may be taken, are truthful, accurate of my personal knowledge (save and except statements made on information and belief), and are made in good faith.

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

Executed in the United States of America on this 3rd day of November, 2007.

Charles M. Austin, President
Preferred Acquisitions, Inc.

Certificate of Service

I, Robert J. Keller, counsel for Charles M. Austin; Preferred Communication Systems, Inc.; and Preferred Acquisitions, Inc., in EB Docket No. 07-147, hereby certify that I have, on December 3, 2007, caused copies of the foregoing filing to be served to the following addressees via electronic mail (with paper copies to be sent subsequently via first class U.S. mail, postage prepaid) to the persons indicated and at the addresses shown below.

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