

ATTACHMENT 1



Administrator's Decision on Appeal - Funding Year 2001-2002

March 19, 2008

David Antar
Integra Consulting and Computer Services, Inc.
1490 North Clinton Avenue
Bay Shore, NY 11706

Re: Applicant Name: Little Flower School District
 Billed Entity Number: 123977
 Form 471 Application Number: 230544
 Funding Request Number(s): 638905
 Your Correspondence Dated: November 15, 2007

After thorough review and investigation of all relevant facts, the Universal Service Administrative Company (USAC) has made its decision in regard to your appeal of USAC's Funding Year 2001 Notification of Commitment Adjustment Letter for the Application Number indicated above. This letter explains the basis of USAC's decision. The date of this letter begins the 60 day time period for appealing this decision to the Federal Communications Commission (FCC). If your Letter of Appeal included more than one Application Number, please note that you will receive a separate letter for each application.

Funding Request Number(s): 638905
Decision on Appeal: **Denied**
Explanation:

- During the appeal review, USAC thoroughly assessed the facts presented in the appeal letter and the relevant documentation on file before making its determination on your appeal. USAC has determined that, due to a conflict of interest and improper relationship between the service provider and the consultant, the competitive bidding process for FRN 638905 has been compromised. As a result, USAC issued a Notification of Commitment Adjustment Letter on September 28, 2007, rescinding the commitments for the FRN at issue and seeking recovery of any disbursed funds from the service provider. On appeal, you claim that, at the time Notification of Commitment Adjustment Letter was issued, the 5-year administrative limitation period for initiation and completion of COMAD inquiry was expired. Accordingly, you request that USAC rescinds the Notification of Commitment Adjustment Letter for the FRN at issue.

- It is therefore determined by USAC that inquiries were made in a timely manner in order to determine whether or not statutory or Program rule violations existed. USAC's records show that USAC requested documents that included a copy of the consulting agreement between each applicant and Integra, an explanation of Integra's relationship with its "partners", and a description of how Integra's service provider and consulting arms are/were organized. Integra did not provide copies of consulting agreements with Little Flower. Little Flower stated that it was unable to locate a copy of the consulting agreement with Integra nor did it provide documentation reflecting payments made to Integra. Additionally, Integra did not provide an explanation of Integra's relationship with its partners. During the appeal review, you sought to reverse the decision to reduce the funding commitment amount and provided additional documentation. This documentation was accepted, however you have not provided enough evidence to overturn the decision that conflict of interest and competitive bidding violation did not exist.
- The FCC's Fifth Report and Order requires recovery of the full amount disbursed for any funding requests in which the beneficiary failed to comply with the Commission's competitive bidding requirements. See Schools and Libraries Universal Service Support Mechanism, CC Docket No. 02-6, Fifth Report and Order and Order, 19 FCC Rcd 15808, 15816, FCC 04-190 para. 21 (rel. Aug. 13, 2004). USAC and the Commission shall carry out any audit or investigation that may lead to discovery of any violation of the statute or a rule which may warrant a recovery within five years of the final delivery of service for a specific funding year. Id, para. 32. The deadline for delivery and implementation of non-recurring services is September 30 following the close of the funding year. 47 C.F.R. sec. 54.501(d).

If your appeal has been approved, but funding has been reduced or denied, you may appeal these decisions to either USAC or the FCC. For appeals that have been denied in full, partially approved, dismissed, or canceled, you may file an appeal with the FCC. You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the date on this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD section of the USAC website or by contacting the Client Service Bureau. We strongly recommend that you use the electronic filing options.

We thank you for your continued support, patience and cooperation during the appeal process.

Schools and Libraries Division
Universal Service Administrative Company

Cc: Myra Polite
Little Flower School District
N Wading River Rd.
Wading River, NY 11792

Schools & Libraries – Competitive Bidding Process

The competitive bidding process begins when an applicant posts the Form 470 to the USAC website and/or issues an RFP. The applicant must then wait 28 days after the Form 470 is posted or an RFP is issued (whichever is later) before selecting a service provider, ordering services and/or executing a contract.

Conduct an open, fair competitive bidding process

- “Open” means that there are no secrets in the process and that all bidders have equal access to the same information.
- “Fair” means that all bidders are treated the same and that no bidder has privileged knowledge over the contents of the Request for Proposal (RFP) or the Form 470.

Service provider involvement in the competitive bidding process

- Service provider involvement in the preparation or certification of the Form 470 or the vendor selection can taint the competitive bidding process and result in denials.
- Applicants cannot turn over their responsibility for ensuring a fair and open competitive bidding process to a service provider or a consultant acting on behalf of a service provider. Only applicants or authorized representatives can prepare, sign and submit (i.e., post to the website or file on paper) the Form 470 and certification.
- Listing a service provider representative as the Form 470 contact person and allowing the same service provider to participate in the competitive bidding process is a violation of FCC rules and will result in denial of funding.
- Service providers who bid on services must not participate in the evaluation process.

Select the winning bid

- Price of the eligible products and services must be the primary factor under consideration when evaluating bids. It does not have to be the sole factor. Examples of relevant factors include: prior experience, personnel qualifications, management capability, environmental objectives, and the cost of ineligible goods and services.
- The selected bid must be cost-effective in comparison to prices available commercially. If you receive only one bid, it is not necessarily cost-effective.

Retain all documents for a period of five years from the last date of service

- This includes:
 - Request For Proposal (RFP), with evidence of publication date
 - Bid evaluation matrix, criteria and weighting
 - Bid evaluation worksheets
 - All written correspondence with the service providers
 - All bids submitted, both winning and losing
 - Other documentation related to service provider selection

For additional information, please use the USAC resources listed below:

28 Day Waiting Period:	http://www.usac.org/sl/applicants/step04/28-day-waiting-period.aspx
Competitive Process:	http://www.usac.org/sl/applicants/step03/
Open & Fair Bidding:	http://www.usac.org/sl/applicants/step03/run-open-fair-competition.aspx
Selecting Service Provider:	http://www.usac.org/sl/applicants/step04/

ATTACHMENT 2



Administrator's Decision on Appeal - Funding Year 2001-2002

March 19, 2008

David Antar
A+ Technology Solutions, Inc.
1490 North Clinton Avenue
Bay Shore, NY 11706

Re: Applicant Name: Little Flower School District
 Billed Entity Number: 123977
 Form 471 Application Number: 230544
 Funding Request Number(s): 537661, 537681, 638928, 638948, 638969, 638989
 Your Correspondence Dated: November 1, 2007

After thorough review and investigation of all relevant facts, the Universal Service Administrative Company (USAC) has made its decision in regard to your appeal of USAC's Funding Year 2001 Notification of Commitment Adjustment Letter for the Application Number indicated above. This letter explains the basis of USAC's decision. The date of this letter begins the 60 day time period for appealing this decision to the Federal Communications Commission (FCC). If your Letter of Appeal included more than one Application Number, please note that you will receive a separate letter for each application.

Funding Request Number(s): 537661, 537681, 638928, 638948, 638969, 638989
Decision on Appeal: **Denied**
Explanation:

- During the appeal review, USAC thoroughly assessed the facts presented in the appeal letter and the relevant documentation on file before making its determination on your appeal. USAC has determined that, due to a conflict of interest and improper relationship between the service provider and the consultant, the competitive bidding process for the following FRNs: 537661, 537681, 638928, 638948, 638969, and 638989 has been compromised. As a result, USAC issued a Notification of Commitment Adjustment Letter on September 28, 2007, rescinding the commitments for the FRNs at issue and seeking recovery of any disbursed funds from the service provider. On appeal, you claim that, at the time Notification of Commitment Adjustment Letter was issued, the 5-year administrative limitation period for initiation and completion of COMAD inquiry was expired. Accordingly, you request that USAC rescinds the Notification of Commitment Adjustment Letter for the FRNs at issue.

- It is therefore determined by USAC that inquiries were made in a timely manner in order to determine whether or not statutory or Program rule violations existed. USAC's records show that USAC requested documents that included a copy of the consulting agreement between each applicant and Integra, an explanation of Integra's relationship with its "partners", and a description of how Integra's service provider and consulting arms are/were organized. Integra did not provide copies of consulting agreements with Little Flower. Little Flower stated that it was unable to locate a copy of the consulting agreement with Integra nor did it provide documentation reflecting payments made to Integra. Additionally, Integra did not provide an explanation of Integra's relationship with its partners. During the appeal review, you sought to reverse the decision to reduce the funding commitment amount and provided additional documentation. This documentation was accepted, however you have not provided enough evidence to overturn the decision that conflict of interest and competitive bidding violation did not exist.
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We thank you for your continued support, patience and cooperation during the appeal process.

Schools and Libraries Division
Universal Service Administrative Company

Cc: Myra Polite
Little Flower School District
N Wading River Rd.
Wading River, NY 11792



Universal Service Administrative Company
Helping Keep Americans Connected



Schools & Libraries – Competitive Bidding Process

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Selecting Service Provider:	http://www.usac.org/sl/applicants/step04/

ATTACHMENT 3

LITTLE FLOWER UNION FREE SCHOOL DISTRICT AT WADING RIVER
WADING RIVER, NEW YORK 11792

MR. JOHN W. EDWARDS
SCHOOL SUPERINTENDENT

(631) 929-4300
FAX (631) 929-0303

MR. ROBERT MAIRE
SCHOOL PSYCHOLOGIST

MR. GEORGE GRIGG
ASSISTANT SUPERINTENDENT

MRS. MYA POLITE
BUSINESS MANAGER

FACSIMILE TRANSMISSION

TO: USAC, Attn: Wayne Scott, Director Audit Division

FAX NUMBER: 1-202-776-0010/1-202-772-5237

FROM: John Edwards

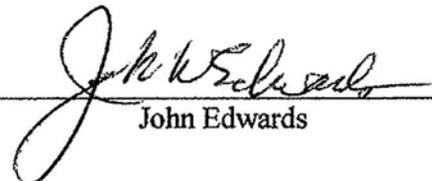
RE: Following

DATE: September 17, 2003

MESSAGE: Under Section D (Competitive Bid Process), we would like to replace "applicant response" with the following:

First, Integra Consulting and Computer Services, Inc. (a separate legal entity with common ownership) and not A+ Technology Solutions, Inc. (A+) provided LFUFSD with e-rate consulting services. As LFUFSD has limited funds and therefore limited personnel to administer a program of this magnitude, Integra provides the necessary clerical and support staff LFUFSD needs to understand the various complex rules, regulations, forms and deadlines mandated for participation in this program. LFUFSD advises Integra as to services it will be applying for, Integra assists in transferring this information on the necessary forms; LFUFSD does a final review, signs the documents and they are submitted to SLD for processing. This process insures that LFUFSD does not miss a deadline, maintains control of the process, meets all the rules as of that moment in time and is guaranteed of proper documentation and records retention. LFUFSD's "named" contact person (John Edwards, Superintendent of Schools) fields all prospective bidder inquiries during the 28 day waiting period up until a service provider(s) selection is made.

As for the competitive bidding process, LFUFSD does not fully agree with the auditor's findings. First, LFUFSD never relinquished control of this process not only in terms of who communicated with the prospective service providers, but what was provided in response to the inquiries. While there is no obvious documentation reflecting a competitive bid process, LFUFSD clearly had to look no further than the NY State Office of General Services and BOCES contracts to insure itself of a competitive process. A vendor, like A+, has undergone extensive negotiation and review, under NY State General Municipal Law, to be awarded/selected as an approved vendor under NY State OGS and BOCES contracts. This by itself is a competitive process. Further by selecting A+, from the various approved vendor lists, LFUFSD viewed this primarily as the least costly while also being the most effective and efficient service provider that met LFUFSD's needs.


John Edwards

ATTACHMENT 4

George H. Grigg, Superintendent
Lisa J. Boerum, Assistant Superintendent

LITTLE FLOWER UNION FREE SCHOOL DISTRICT
2460 NORTH WADING RIVER ROAD
WADING RIVER, NY 11792

Robert Maire, Psychologist
Myra L. Polite, Business Manager

February 8, 2006

USAC
80 South Jefferson Road
Whippany, NY 07981
Fax 973-599-6582

Re: Fund Year 2001 471 Application 230544

Dear Mr. Kim,

We are unaware of any 470 similarities you mention in your memo dated February 1st, 2006. Little Flower went through a process of matching our state approved technology plan to the needs of the school district in determining services that we were seeking to procure for the FY2001 application process.

As we have stated on several occasion to SLD inquiries, we did utilize the services of the E-Rate consulting division of Integra Consulting Services for limited neutral assistance in preparation of our form 470. We have attached copies of two such documents which clearly explained the role of our consultant. At no time did Little Flower relinquish control of the procurement process to anyone other than Little Flower personnel. In addition no information was shared with any services providers that would have tainted the competitive bid process.

Regarding the Form 470 certification, they were answered by, reviewed and signed by the superintendent of Little Flower Schools. They were then forwarded to Integra in order for them to track and certify receipt by the SLD in a timely manner. A+ had absolutely no role in our 470 process. We are told that in 2001, A+ shared office space with Integra and may have used common accounts for certified mailing of forms to the SLD.

We hope that the information provided clearly answers your inquiries. Should you have any further questions please contact me at your convenience.

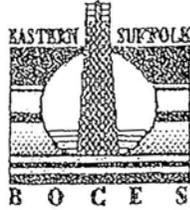
Sincerely,


George Griggs
Superintendent

Attach: September 3, 2003 Beneficiary Audit Report
November, 19, 2004 Audit Recommendations
January 6, 2005 Response to Michael Deusinger

ATTACHMENT 5

EASTERN SUFFOLK BOCES
PURCHASING DEPARTMENT
201 Sunrise Highway
Patchogue, NY 11772



ALLAN HERRMANN
Senior Purchasing Agent
(631) 289-2200
(631) 289-2327 (fax)

September 25, 2001

Integra Consulting & Computer Services, Inc.
4177 Merrick Road
Massapequa, NY 11758

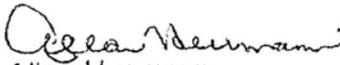
Re: RFP #001-1
E-Rate Consultant Services
Dated: July 6, 2000

Gentlemen:

The Board, at their regular September meeting, approved the recommendation to extend your contract for the above bid for one additional year, September 25, 2001 through September 24, 2002, in accordance with the original specifications.

We appreciate the level of service provided and look forward to its continuation for the duration of this contract.

Sincerely yours,


Allan Herrmann
Senior Purchasing Agent

AH: ps

ATTACHMENT 6

Notification of Commitment Adjustment Letter
Funding Year 2001: 7/01/2001 - 6/30/2002

September 28, 2007

David Antar
Aplus Technology Solutions, Inc.
1490 North Clinton Avenue
Bay Shore, NY 11706

Re: SPIN: 143005900
Form 471 Application Number: 230544
Funding Year: 2001
FCC Registration Number-
Applicant Name: LITTLE FLOWER SCHOOL DISTRICT
Billed Entity Number: 123977
Applicant Contact Person: Myra Polite

Our routine review of Schools and Libraries Program funding commitments has revealed certain applications where funds were committed in violation of program rules.

In order to be sure that no funds are used in violation of program rules, the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC) must now adjust the overall funding commitment. The purpose of this letter is to make the adjustments to the funding commitment required by program rules, and to give you an opportunity to appeal this decision. USAC has determined the service provider is responsible for all or some of the program rule violations. Therefore, the service provider is responsible to repay all or some of the funds disbursed in error (if any).

This is NOT a bill. If recovery of disbursed funds is required, the next step in the recovery process is for SLD to issue you a Demand Payment Letter. The balance of the debt will be due within 30 days of the Demand Payment Letter. Failure to pay the debt within 30 days from the date of the Demand Payment Letter could result in interest, late payment fees, administrative charges and implementation of the "Red Light Rule." Please see the "Informational Notice to All Universal Service Fund Contributors, Beneficiaries, and Service Providers" at <http://www.universalservice.org/fund-administration/tools/latest-news.aspx#083104> for more information regarding the consequences of not paying the debt in a timely manner.

TO APPEAL THIS DECISION:

If you wish to appeal the Commitment Adjustment Decision indicated in this letter, your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and e-mail address (if available) for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Identify the date of the Notification of Commitment Adjustment Letter and the Funding Request Numbers you are appealing. Your letter of appeal must include the Billed Entity Name, the Form 471 Application Number, Billed Entity Number, and the FCC Registration Number (FCC RN) from the top of your letter.
3. When explaining your appeal, copy the language or text from the Notification of Commitment Adjustment Letter that is the subject of your appeal to allow the SLD to more readily understand your appeal and respond appropriately. Please keep your letter specific and brief, and provide documentation to support your appeal. Be sure to keep copies of your correspondence and documentation.
4. Provide an authorized signature on your letter of appeal.

If you are submitting your appeal electronically, please send your appeal to appeals@sl.universalservice.org using your organization's e-mail. If you are submitting your appeal on paper, please send your appeal to: Letter of Appeal, Schools and Libraries Division, Dept. 125- Correspondence Unit, 100 South Jefferson Road, Whippany, NJ 07981. Additional options for filing an appeal can be found in the "Appeals Procedure" posted in the Reference Area of the SLD section of the USAC web site or by contacting the Client Service Bureau at 1-888-203-8100. We strongly recommend that you use the electronic appeals option.

While we encourage you to resolve your appeal with the SLD first, you have the option of filing an appeal directly with the Federal Communications Commission (FCC). You should refer to CC Docket Nos. on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD web site, or by contacting the Client Service Bureau. We strongly recommend that you use the electronic filing options

FUNDING COMMITMENT ADJUSTMENT REPORT

On the pages following this letter, we have provided a Funding Commitment Adjustment Report (Report) for the Form 471 application cited above. The enclosed Report includes the Funding Request Number(s) from the application for which adjustments are necessary. Immediately preceding the Report, you will find a guide that defines each line of the Report.

The SLD is also sending this information to the applicant for informational purposes. If USAC has determined the applicant is also responsible for any rule violation on these Funding Request Numbers, a separate letter will be sent to the applicant detailing the necessary applicant action.

Please note that if the Funds Disbursed to Date amount is less than the Adjusted Funding Commitment amount, USAC will continue to process properly filed invoices up to the Adjusted Funding Commitment amount. Please note the Funding Commitment Adjustment Explanation in the attached Report. It explains why the funding commitment is being reduced. Please ensure that any invoices that you or the applicant submit to USAC are consistent with program rules as indicated in the Funding Commitment Adjustment Explanation. If the Funds Disbursed to Date amount exceeds the Adjusted Funding Commitment amount, USAC will have to recover some or all of the disbursed funds. The Report explains the exact amount (if any) the service provider is responsible for repaying.

Schools and Libraries Division
Universal Services Administrative Company

cc: Myra Polite
LITTLE FLOWER SCHOOL DISTRICT

A GUIDE TO THE FUNDING COMMITMENT ADJUSTMENT REPORT

Attached to this letter will be a report for each funding request from your application for which a commitment adjustment is required. We are providing the following definitions.

FUNDING REQUEST NUMBER (FRN): A Funding Request Number is assigned by the SLD to each individual request in your Form 471 once an application has been processed. This number is used to report to applicants and service providers the status of individual discount funding requests submitted on a Form 471.

CONTRACT NUMBER: The number of the contract between the applicant and the service provider. This will be present only if a contract number was provided on Form 471.

SERVICES ORDERED: The type of service ordered by applicant, as shown on Form 471.

BILLING ACCOUNT NUMBER: The account number that you have established with your customer for billing purposes. This will be present only if a Billing Account Number was provided on the Form 471.

ORIGINAL FUNDING COMMITMENT: This represents the original amount of funding that SLD had reserved to reimburse for the approved discounts for this service for this funding year.

COMMITMENT ADJUSTMENT AMOUNT: This represents the amount of funding that SLD has rescinded because of program rule violations.

ADJUSTED FUNDING COMMITMENT: This represents the adjusted total amount of funding that SLD has reserved to reimburse for the approved discounts for this service for this funding year. If this amount exceeds the Funds Disbursed to Date, the SLD will continue to process properly filed invoices up to the new commitment amount.

FUNDS DISBURSED TO DATE: This represents the total funds that have been disbursed for this FRN as of the date of this letter.

FUNDS TO BE RECOVERED FROM SERVICE PROVIDER: This represents the amount of improperly disbursed funds to date for which the service provider has been determined to be primarily responsible. These improperly disbursed funds will have to be recovered from the service provider.

FUNDING COMMITMENT ADJUSTMENT EXPLANATION: This entry provides an explanation of the reason the adjustment was made.

Funding Commitment Adjustment Report
Form 471 Application Number: 230544

Funding Request Number:	537661
Contract Number:	2001-002
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	N/A
Original Funding Commitment:	\$63,068.40
Commitment Adjustment Amount:	\$63,068.40
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date:	\$43,200.00
Funds to be Recovered from Service Provider:	\$43,200.00

Funding Commitment Adjustment Explanation:

After a thorough review, it was determined that this funding request will be rescinded in full and USAC will seek recovery of erroneously disbursed funds from the service provider in the amount of \$43,200.00. Please see the attached Further Explanation Letter for additional information.

**PLEASE SEND A COPY OF THIS PAGE WITH YOUR
CHECK TO ENSURE TIMELY PROCESSING**

Funding Request Number:	537681
Contract Number:	2001-003
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	N/A
Original Funding Commitment:	\$14,078.70
Commitment Adjustment Amount:	\$14,078.70
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date:	\$14,078.70
Funds to be Recovered from Service Provider:	\$14,078.70

Funding Commitment Adjustment Explanation:

After a thorough review, it was determined that this funding request will be rescinded in full and USAC will seek recovery of erroneously disbursed funds in the amount of \$14,078.70 from the service provider. Please see the attached Further Explanation Letter for additional information..

**PLEASE SEND A COPY OF THIS PAGE WITH YOUR
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Funding Request Number:	638928
Contract Number:	2001-007
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	N/A
Original Funding Commitment:	\$73,187.82
Commitment Adjustment Amount:	\$73,187.82
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date:	\$73,187.82
Funds to be Recovered from Service Provider:	\$73,187.82

Funding Commitment Adjustment Explanation:

After a thorough review, it was determined that this funding request will be rescinded in full and USAC will seek recovery of erroneously disbursed funds in the amount of \$73,187.82 from the service provider. Please see the attached Further Explanation Letter for additional information..

**PLEASE SEND A COPY OF THIS PAGE WITH YOUR
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Funding Request Number:	638948
Contract Number:	2001-004
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	N/A
Original Funding Commitment:	\$180,000.00
Commitment Adjustment Amount:	\$180,000.00
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date:	\$90,000.00
Funds to be Recovered from Service Provider:	\$90,000.00

Funding Commitment Adjustment Explanation:

After a thorough review, it was determined that this funding request will be rescinded in full and USAC will seek recovery of erroneously disbursed funds in the amount of \$90,000.00 from the service provider. Please see the attached Further Explanation Letter for additional information..

**PLEASE SEND A COPY OF THIS PAGE WITH YOUR
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Funding Request Number:	638969
Contract Number:	2001-005
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	N/A
Original Funding Commitment:	\$54,000.00
Commitment Adjustment Amount:	\$54,000.00
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date:	\$54,000.00
Funds to be Recovered from Service Provider:	\$54,000.00

Funding Commitment Adjustment Explanation:

After a thorough review, it was determined that this funding request will be rescinded in full and USAC will seek recovery of erroneously disbursed funds in the amount of \$54,000.00 from the service provider. Please see the attached Further Explanation Letter for additional information..

**PLEASE SEND A COPY OF THIS PAGE WITH YOUR
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Funding Request Number:	638989
Contract Number:	2001-006
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	N/A
Original Funding Commitment:	\$108,108.00
Commitment Adjustment Amount:	\$108,108.00
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date:	\$54,000.00
Funds to be Recovered from Service Provider:	\$54,000.00

Funding Commitment Adjustment Explanation:

After a thorough review, it was determined that this funding request will be rescinded in full and USAC will seek recovery of erroneously disbursed funds in the amount of \$54,000.00 from the service provider. Please see the attached Further Explanation Letter for additional information.

**PLEASE SEND A COPY OF THIS PAGE WITH YOUR
CHECK TO ENSURE TIMELY PROCESSING**



September 28, 2007

David Antar
Aplus Technology Solutions, Inc.
1490 North Clinton Avenue
Bay Shore, NY 11706

RE: Further Explanation of Commitment Adjustment Letter
Funding Year 2001 FCC Form 471 # 230544

Dear David Antar:

Under separate cover, you are being sent a Commitment Adjustment Letter (CAL) concerning the FCC Form 471 Application Number cited above. **Please be advised that the CAL the official action on this application by the Universal Service Administrative Company (USAC). Please refer to the CAL for instructions regarding how to appeal the Administrator's decision, if you wish to do so.** The purpose of this letter is to provide you with additional information concerning the reasons for USAC's Commitment Adjustments.

USAC identified similarities among FCC Forms 470 where the applicant later selected Integra Consulting & Computer Services (Integra) and/or A+ Technology Solutions (A+) as their service provider(s). As a result, USAC became concerned about whether the applicants had complied with the Federal Communications Commission's (FCC) rules governing the Schools and Libraries Program.

The similarities identified included patterns among FCC Form 470 Applicant Form Identifiers, descriptions of service, and FCC Form 470 Block 12 information. Additionally, the certification for Little Flower's Funding Year 2001 FCC Form 470 # 15980000318691 was mailed from: Integra, 4177 Merrick Road, Massapequa, NY 11768 as were the FCC Forms 470 of other applicants.

USAC contacted Little Flower via e-mailed dated January 9, 2006 asking for an explanation of these similarities and why Little Flower's FY 2001 FCC Form 470 certification pages were mailed by "A+ Technology Solutions/Integra Consulting Services." Little Flower responded via letter dated February 8, 2006 that "we did utilize the services of the E-rate consulting division of Integra Consulting Services for limited neutral assistance in preparation of our form 470." Little Flower attached to its response the USAC IAD audit report which contains its response to the competitive bidding finding regarding Funding Year 2000, as well as a January 6, 2005 letter to USAC which explained Integra's role in the FCC Form 470 process as follows:

Little Flower had full and complete control of the process of creating and submitting the Form 470. Integra was used merely to data enter the information provided by Little Flower to the appropriate SLD forms. The exact role of Integra, to the best of my knowledge, was to data enter the information provided by Little Flower on our form 470, provide basic information about the program and assist us in meeting all deadlines required by the filing. Integra had no other role or control of the process of filing our Form 470, and to the best of knowledge [sic] Integra has always been neutral, has never had any undue influence over Little Flower, nor have they displayed any inappropriate conduct during the Form 470 process.

Review of A+ and Integra Websites

USAC reviewed Integra's website, located at www.integraservices.com. This website indicates, among other things, that it can be contacted at 1490 North Clinton Ave., Bay Shore NY, 11706. Its "Partners" page at www.integraservices.com/partners.html lists its first partner as A+ Technology Solutions. The other companies listed are Hewlett Packard, Microsoft, Computer Associates, Symbol and Dukane. The website does not appear to include information about its E-rate consulting services. However, at the New York State Office of General Services website at www.ogs.state.ny.us/asp/purchase/snt/consulting/CompanyDetail.asp?Customer_Integra provides information about Integra's consulting services and indicates that those services range from \$285.89 per hour to \$403.78 per hour.

A+'s website is also located at www.integraservices.com/aplus, and indicates, among other things that it can be contacted at the same address as Integra.

Additional Questions to Little Flower/Integra

After reviewing Little Flower's response, USAC requested additional from Little Flower via e-mail dated December 12, 2006. Little Flower forwarded some of the questions posed to Integra, and Integra responded in December 28, 2006 letter from Integra to Little Flower as follows:

- "All day to day E-Rate related consulting services were and are currently performed by Rosanne Sweeney who has been an independent contractor and consultant for the firm."
- "In 2001 the majority of work performed by Integra was E-Rate Consulting with the balance of services provided to non school entities."

- “All E-Rate consulting services provided by Integra are strictly limited to clerical functions assisting school districts in completing forms and meeting deadlines. At no time has Integra been in control of the E-Rate process or did Integra make E-Rate related decisions for any of the districts served.”
- “There are definite “walls” between Integra’s E-Rate consulting business and any other services that Integra provided. In fact in 2001 and 2002, Integra’s consulting business was located in a different building in a different county than the sales and operational personnel.”

FCC’s Competitive Bidding Requirements

FCC rules require applicants to conduct a fair and open competitive bidding process to select their service providers. *See* 47 C.F.R. §§ 54.504(a), 54.511(a). A conflict of interest can constitute a violation of the FCC’s competitive bidding requirements. *See Request for Review of a Decision of the Universal Service Administrator by Send Technologies*, CC Docket No. 02-6, DA 07-1270 ¶¶ 6-7 (2007). A competitive bidding violation and conflict of interest occur when an applicant’s consultant provides consulting services which include determining the services for which the applicant will seek funding and/or in selecting the service provider(s), the consultant and/or one of its partners provide those services and is a bidder, and the consultant and/or one of its partners is selected to provide the services. A competitive bidding violation and conflict of interest occur when a service provider provides both eligible services and ineligible consulting services, serves as an applicant’s consultant, and selects itself to provide services without an appropriate separation between the service provider and consulting functions.

Analysis

Little Flower states that Integra did provide consulting services related to the FY 2001 process, but that they cannot locate a copy of the agreement with Integra. This process resulted in Little Flower’s selection of Integra and A+ to provide internal connections services. Integra states that its Schools and Libraries program related consulting services “are strictly limited to clerical functions assisting school districts in completing forms and meeting deadlines.” Information currently available at the NYS website indicates that Integra charges between \$285.89 and \$403.78 per hour for E-rate consulting services. Although Little Flower emphasizes that the consulting services Integra provided were limited and neutral with respect to filling out the FCC Form 470, the magnitude of Integra’s current fees is not consistent with Little Flower and Integra’s description of the E-Rate consulting services it provides. Should Integra appeal the CAL, USAC would consider documentation showing, for example, the consulting fees paid by Little Flower to Integra such as copied of invoices and/or cancelled checks.

Integra did not respond to USAC's question asking for an explanation of Integra's relationship with its partners or associates. Integra's website contains information about A+ and indicates that A+ is one of its "partners." Therefore, Integra, a consultant, promotes specific service providers on its website, raising potential conflict of interest issues. Should Integra appeal the CAL, USAC would consider information showing whether Integra received a financial benefit as a result of Little Flower's selection of A+ to provide services for certain FRNs.

Integra stated that all E-Rate consulting was performed by an independent contractor and consultant, that the consultant made no decisions on behalf of the school districts, and that the consulting business was located in a different building in a different county than the sales arm in the 2001 – 2002 timeframe. However, Integra did not provide evidence to support the statement that the two arms were located in separate offices. Furthermore, this statement conflicts with the fact that Little Flower's Funding Year 2001 FCC Form 470 certification was mailed from the 4177 Merrick Road, Massapequa, NY 11768 – the same address as A+. Additionally, current New York State Department of State Division of Corporations records gathered in 2005 as well as those gathered in August 2007 reflect David Antar as the Chairman/CEO for both companies and the physical processing address for both companies is the same address -- 1490 North Clinton Ave, Bay Shore, NY 11706. The Massapequa, NY address is still the address for David Antar and the Principal Executive office for both companies. Finally, USAC's records indicate that Roseanne Sweeney is associated with both Integra and with A+. Should Integra appeal the CAL, USAC would consider documentation support the statement that the businesses were separate, such as utility bills, etc. Additionally, USAC would consider information explaining Roseanne Sweeney's role with Integra and with A+.

Conclusion

FCC rules require applicants to conduct a fair and open competitive bidding process to select their service providers. *See* 47 C.F.R. §§ 54.504(a), 54.511(a). A conflict of interest can constitute a violation of the FCC's competitive bidding requirements. *See Request for Review of a Decision of the Universal Service Administrator by Send Technologies*, CC Docket No. 02-6, DA 07-1270 ¶¶ 6-7 (2007). A competitive bidding violation and conflict of interest occur when an applicant's consultant provides consulting services which include determining the services for which the applicant will seek funding and/or in selecting the service provider(s), the consultant and/or one of its partners provide those services and is a bidder, and the consultant and/or one of its partners is selected to provide the services. A competitive bidding violation and conflict of interest occur when a service provider provides both eligible services and ineligible consulting services, serves as an applicant's consultant, and selects itself to provide services without an appropriate separation between the service provider and consulting

functions. USAC sought the following from Little Flower and Integra: (1) A copy of the consulting agreement with Integra; (2) An explanation of Integra's relationship with the partners featured on its website; and (3) A description of how Integra's service provider and consulting arms are/were organized – specifically whether there were any “walls” between the two. Little Flower/Integra stated that Integra did not play a role in the competitive bidding process. Integra did not provide an explanation of its relationship with its partners. Integra stated that “in 2001 and 2002, Integra's consulting business was located in a different building in a different county than the sales and operational personnel.” NYS corporate records obtained in 2005 indicate that Integra/A+ were located at the same address. Little Flower's FY 2001 Form 470 was mailed from the address that Integra/A+ share. Because Integra served as both the consultant and the service provider for one of the FRNs, did not provide an explanation of its relationship with A+, and because Integra's statement regarding the “walls” between the service provider and consulting businesses are at odds with the return address on the FCC Form 470 certification and other documentation, Integra has not demonstrated that conflict of interest and competitive bidding violations did not exist.

Schools and Libraries Division
Universal Service Administrative Company

Cc: Myra Polite
Little Flower School District