

## Appeal Letter \_Request for Review

May 11, 2009

**RE:** **DOCKET NO.:** 02-6  
**Appeal Letter of USAC Denial letter for Payment and Invoices due Dallas Consortium Members (via Micro System Engineering) dated May 5, 2009**

**Appellant Names:** Lazo Technologies, Inc  
HPS  
ATS South

**Applicant Name:** Dallas Independent School District  
**Services Provider:** Micro System Enterprises dba Micro Systems Engineering  
**Applicant BEN:** 140542  
**Service Provider Spin Number :** 143017760  
**FCC Form 471 Application No.:** 360412, 360904, 360931, 369205, 369537  
**FRN's :** 1017129, 1016407, 1016865, 1016639, 1016173  
**Name of Letter :** Further Explanation of Administrator's Invoicing Decision  
**Funding Year :** 2003 (07/01/2003 – 06/30/2004)  
**FRN' Appealing:** 1017129 – 90% Cabling  
**Appealing Decision:** "USAC has determined to DENY these Pending invoices and Payments."  
**Contact Person:** Tom Lazo Sr.  
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Dear Appellate Committee:

The Dallas base Consortium Members (**ATS South, HPS & Lazo Technologies**) are appealing the decision rendered by USAC, dated 5/5/2009, denying payment to Micro System Engineering for pending invoices and payments.

We are only appealing the payments and invoices (Please see attachment A) for work performed by the Dallas minority based companies of the Consortium. The work which we performed under FRN Number 1017129 – 90% cabling. We are not appealing payments for network electronics, services or cabling performed by Micro Systems Engineering or any other companies involved in the Consortium.

As we have stated, for the past four (4) years, we, **ATS South, HPS and Lazo Technologies** were never involved in any of the crimes tainting, bribes or use of insider information for which Mr. Bohuchot and Mr. Wong were convicted.

We were involved in completing the project based on the requirements of our contract with DISD to provide the children of DISD with access to the Internet. All of our work has been audited and approved by DISD such that DISD paid their entire portion of the contract. We have developed an Executive Summary of facts and points as to why we should be paid. Most of the detail in this executive summary has been submitted and reviewed by the FCC (Michele Ellison & Jim Bird Team) during their informal review of our request for payment to the Dallas based companies.

### **Executive Summary:**

**ATS South, HPS and Lazo Technologies** are seeking recovery of the funds due to them for work performed on the Dallas Independent School District (DISD) Erate Year 6 Project. The basis for our claims are that:

- 1) We used our financial resources for labor and materials, which has not been paid for the past four (4) years.
- 2) We completed the project to DISD's requirements, standards and satisfaction and according to the contract.
- 3) DISD paid all portions of their Erate responsibilities on 90% Schools and all Bear Payments on 80% Schools confirming all work was completed
- 4) Records indicate that all of the other suppliers and Sub-Contractors have been paid in full which included their profits.
- 5) The most important reason, ATS, HPS and Lazo Technologies were not involved in any fraudulent actions or tainting of the bidding process.
- 6) We complied fully with the federal authorities (FBI & US Attorneys) during their investigation

### **Dates & Facts about the Project:**

01-30-2003	DISD Board Authorizes Administration to negotiate and enter into Contract with consortium members
03-17-2003	Schools and Libraries Division (SLD) of USAC conducted an on-site audit of the procurement process, <b>resulting project cleared to proceed</b>
2003	Sometime during 2003 KPMG the outside auditor of DISD conducted an Audit of Ruben Bohuchot's personal finances and personal connection to MSE and Frankie Wong, <b>resulting project cleared to proceed</b>
03-04-2004	After almost a year of SLD Audit (3/17/2003), Funding Letter is received from SLD
03-11-2004	Consortium Members start project with schools site surveys
06-01-2004	Cabling of schools starts and electronics are ordered
08-01-2004	National Exchange Carrier association (NECA) investigates anonymous complaints about misuse of Federal Technology Funds, <b>resulting in project being cleared to proceed</b>

05-2005	Last payment received by MSE to pay consortium members
07-24-2004	Dallas Morning News reports the use of Frankie Wong yachts by Ruben Bohuchot
08-12-2005	USAC (SLD) stops payments because of the Dallas Morning News articles and wants MSE and DISD to respond.
08-12-2005	At this point all electronics have been ordered and over 70% of cabling is complete or in some active cycle. Never was the consortium group informed verbally or in writing by either the SLD/USAC or DISD to cease work on the project. DISD continued to pay their 10% on 90% schools cabling, electronics, servers and all their 80% cabling Bear Payments and 20% on electronics and servers.
09-26-2005	DISD conducts internal investigation on Ruben Bochuchot's relationship with Frankie Wong and E-rate year 6 procurement processes, <b>resulting in no evidence found of wrong doing</b>
08-12-2005- 12-31-2006	Project continued through to completion meeting the requirements of DISD and Consortium Master Agreements with the work being done by <b>ATS South, HPS and Lazo Technologies</b>
As of 12-31-2006	All bank loans, major suppliers and sub-contractors secured for the Consortium have been paid in full.

**Facts from 01-30-2003 to Current:**

The importance of showing the dates and facts above is to demonstrate that there are four major points that FCC should consider:

- 1) Two audits, one by SLD and one by DISD, both allowed the project to continue. One investigation conducted by NECA resulted in clearing the project to continue.
  - a. The Dallas Consortium Group never received notification to cease work by either SLD/USAC or DISD.
  - b. All of these audits and investigations were the result of someone complaining of possible Control Federal Regulation violations yet the project was allowed to continue in each case.
  - c. All of these audits and investigation occurred before the project started, if violations occurred these regulations should have been applied immediately, not after the project has been completed.
  - d. The FCC has stated "Fraud of any type takes time to uncover" yet all basis for the audits and investigations were the same "Mr. Bohochot and Mr. Wong's relationship"
  - e. It was up to USAC to determine how much time it needed to do a thorough audit or investigation, by not doing this caused all suppliers/subcontractors to believe the contract was good and it was ok to complete the work in good faith.
  
- 2) The consortium had a master agreement with DISD. Never during the life of this project was the consortium instructed to stop work, or that the project had been

anceled. If we would have stopped the work on our own accord, we would have been in violation of our master agreement and subject to a law suit, and we would have left the schools unfinished with no telecommunication connectivity.

- 3) Records indicate that all bank loans, suppliers and sub-contractors for the Consortium have been paid in full including payment for their profits. DISD has paid their entire portion of the percentage they were supposed to pay, demonstrating and confirming satisfaction of all work performed.
- 4) **ATS South, HPS, and Lazo Technologies** were never involved in any fraudulent actions or tainting of the bidding process. DISD continues to use our services in other non Erate projects to date.

**In summary:**

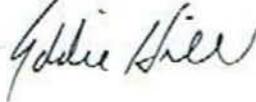
A Federal jury and judge have decided there was fraud in the bidding process. That decision allowed the FCC/USAC to apply requirements of the Code of Federal Regulations and the Mastermind Order to this project. While we agree that such Regulations and Orders are designed to protect the integrity of all FCC/USAC projects and to punish the abusers, we believe the facts in this case demonstrate the need for payment to be made to the **ATS South, HPS and Lazo Technologies**. If companies like ours are punished without any wrong doing, it will undermine the viability of the E Rate program.

**ATS South, HPS and Lazo Technologies** were not abusers of the bidding process; we stress again that for the past 4 years we have been victims and have been punished more severely than any other suppliers and sub-contractors that were involved with this project. By not having access to the owed A/R it has crippled our company's ability grow and create more jobs. If companies like ours are punished without any wrongdoing, it will undermine the viability of the E Rate program. In the future, small technology vendors are not going to participate in projects because the fear of a future decision to deny payment, unrelated to their individual conduct, will place their companies in financial jeopardy. The FCC can make payment in this case and maintain its commitment to preventing waste, fraud, and abuse in the program by acknowledging, and announcing, that it will rigorously punish actual wrongdoing, but will hold harmless companies on a contract that act in good faith.

Sincerely,  
Tom Lazo Sr.  
Lazo Technologies

Eddie Hill  
HPS

Billy Ratcliff  
ATS South



**Attachment A  
FRN#1017129 - 90% Cabling**

Contr	SCH ID	USAC	SLD	PO#	School Name	Lazo Date	Lazo Invt	Open Balance
ATS	528	USAC	SLD 627676	PO#238133	ML KING ES	03/13/2007	192373LZ	13,870.72
ATS	567	USAC	SLD 627676	PO#238139	JAMES LS	03/13/2007	192373LZ	11,278.25
ATS	566	USAC	SLD 658385	PO#234804	DOUGLASS ES	03/13/2007	107710LZ	26,153.88
ATS	567	USAC	SLD 658385	PO#244644	JAMES ES	03/13/2007	197710LZ	1,774.31
ATS	566	USAC	SLD 694937	PO#258734	DOUGLASS ES	03/14/2007	303051LZ	14,068.04
ATS	569	USAC	SLD 694937	PO#242228	CLARK ES	03/14/2007	303051LZ	7,403.78
ATS	568	USAC	SLD 667613	PO#258888	DOUGLASS ES	03/14/2007	303401LZ	30,078.05
ATS	577	USAC	SLD 694914	PO#256272	CITY PARK LS	03/14/2007	307782LZ	25,265.07
ATS	62	USAC	SLD 676437	PO#238645	Hood MS			50,377.45
ATS/WAI	568	USAC	SLD 694941	PO#248645	HERNAIUEZ ES	03/14/2007	308263LZ	1,517.78
<b>ATS TOTAL</b>								<b>181,593.32</b>
HPS	58	USAC	SLD 627813	PO#241975	GUBTAJILLA MS	03/13/2007	203612LZ	54,228.22
HPS	588	USAC	SLD 627813	PO#242884	MACON ES	03/13/2007	203612LZ	9,658.88
HPS	512	USAC	SLD 627813	PO#242887	FAIBBI ES	03/13/2007	203612LZ	13,209.75
HPS	58	USAC	SLD 627813	PO#242816	TOWNVIEW EDAC HS	03/13/2007	203612LZ	80,511.33
HPS	567	USAC	SLD 636588	PO#248541	KLEBERG ES	03/13/2007	206609LZ	22,292.07
HPS	511	USAC	SLD 636588	PO#242889	STEVENS PARK ES	03/13/2007	206609LZ	8,787.55
HPS	56	USAC	SLD 640317	PO#242991	RUSK MS	03/14/2007	208934LZ	51,020.41
HPS	564	USAC	SLD 640317	PO#243115	JONES ES	03/14/2007	208934LZ	34,427.27
HPS	561	USAC	SLD 640317	PO#243119	MAPLE LAWN ES	03/14/2007	208934LZ	35,982.70
HPS	56	USAC	SLD 640317	PO#248994	RUSK MS	03/14/2007	208934LZ	60,834.38
HPS	582	USAC	SLD 658385	PO#243114	MARCUS ES	03/13/2007	197710LZ	3,323.78
HPS	561	USAC	SLD 658385	PO#243273	BOYD AND ES	03/13/2007	197710LZ	33,600.88
HPS	577	USAC	SLD 658385	PO#242228	CLARK ES	03/13/2007	197710LZ	17,264.38
HPS	531	USAC	SLD 667613	PO#258873	ZARAGOSA ES	03/14/2007	303401LZ	29,248.08
HPS	531	USAC	SLD 667613	PO#258875	ZARAGOSA ES	03/14/2007	303401LZ	31,839.33
HPS	581	USAC	SLD 667613	PO#258226	MAPLE LAWN ES	03/14/2007	303401LZ	54,057.95
HPS	543	USAC	SLD 677838	PO#248383	FAIBBI ES	03/14/2007	300314LZ	30,530.10
HPS	5	USAC	SLD 694914	PO#273548	ADAMSON HS	03/14/2007	307782LZ	32,592.52
HPS	511	USAC	SLD 694914	PO#258889	STEVENS PARK ES	03/14/2007	307782LZ	33,840.22
HPS	511	USAC	SLD 694914	PO#258777	STEVENS PARK ES	03/14/2007	307782LZ	14,838.80
HPS	575	USAC	SLD 711828	PO#248395	CASA VIEW ES	03/13/2007	30048LZ	2,651.67
HPS	59	USAC	SLD 711828	PO#258878	STOCKARD MS	03/13/2007	30048LZ	65,267.11
HPS	588	USAC	SLD 711828	PO#258874	ARLBIGTON PARK ES	03/13/2007	30048LZ	3,104.40
HPS	58	USAC	SLD 714328	PO#258865	SPELCE MS	03/14/2007	310205LZ	30,949.25
HPS	58	USAC	SLD 714328	PO#258864	SPELCE MS	03/14/2007	310205LZ	70,678.55
HPS/WMS	538	USAC	SLD 627676	PO#231768	COWART ES	03/13/2007	192373LZ	27,063.31
HPS/WMS	538	USAC	SLD 653285	PO#243982	COWART ES	03/14/2007	300358LZ	1,084.50
HSP/WMS	583	USAC	SLD 627676	PO#228713	ALLEN ES	03/13/2007	192373LZ	5,786.87
<b>HPS TOTAL</b>								<b>868,137.54</b>
LAZO	511	USAC	SLD 658374	PO#233942	BOBHAM ES	03/13/2007	28658LZ	8,551.95
LAZO	59	USAC	SLD 658374	PO#233941	BOBHAM ES	03/13/2007	28658LZ	187,505.15
LAZO	573	USAC	SLD 658374	PO#242889	LONGFELLOW MS	03/13/2007	28658LZ	48,988.70
LAZO	511	USAC	SLD 658374	PO#243133	BOBHAM ES	03/13/2007	28658LZ	6,422.50
LAZO	574	USAC	SLD 658385	PO#238177	LEE R. ES	03/13/2007	197710LZ	19,163.94
LAZO	536	USAC	SLD 658385	PO#243895	DONALD ES	03/13/2007	197710LZ	48,853.42
LAZO	547	USAC	SLD 658385	PO#243124	GILL ES	03/13/2007	197710LZ	19,879.38
LAZO	515	USAC	SLD 653285	PO#243961	RIDD ES	03/14/2007	300358LZ	32,463.18
LAZO	568	USAC	SLD 653285	PO#243969	RIBBENT ES	03/14/2007	300358LZ	25,155.18
LAZO	558	USAC	SLD 653286	PO#278645	HOPE ES	03/14/2007	300354LZ	44,407.47
LAZO	56	USAC	SLD 653286	PO#238848	GASTON MS	03/14/2007	300354LZ	78,189.13
LAZO	598	USAC	SLD 672838	PO#243973	PEABODY ES	03/14/2007	300314LZ	36,260.14
LAZO	58	USAC	SLD 672838	PO#243981	GASTON MS	03/14/2007	300314LZ	3,938.74
LAZO	579	USAC	SLD 672838	PO#243988	COBBER ES	03/14/2007	300314LZ	24,803.29
LAZO	58	USAC	SLD 694914	PO#243182	BOUDE MS	03/14/2007	307782LZ	72,405.52
LAZO	572	USAC	SLD 694914	PO#258229	LAUBER ES	03/14/2007	307782LZ	42,261.84
LAZO	529	USAC	SLD 714317	PO#275458	COBBER ES	03/14/2007	309729LZ	120,810.88
LAZO	548	USAC	SLD 714317	PO#248684	HALL ES	03/14/2007	309729LZ	38,447.84
LAZO	577	USAC	SLD 714328	PO#258865	LPS/COMB ES	03/14/2007	310205LZ	38,732.65
<b>LAZO TOTAL</b>								<b>872,008.88</b>
WAI	546	USAC	SLD 627813	PO#242884	BUCKNER ES	03/13/2007	203612LZ	117,888.26
WAI	568	USAC	SLD 658385	PO#242891	SAM HOUSTON	03/13/2007	197710LZ	16,869.38
WAI	577	USAC	SLD 658385	PO#243125	CARR ES	03/13/2007	197710LZ	20,480.84
WAI	584	USAC	SLD 694914	PO#244142	ANDERSON MS	03/14/2007	307782LZ	103,697.37
WAI	547	USAC	SLD 667613	PO#243963	FIVVY ES	03/14/2007	303401LZ	34,619.31
WAI	568	USAC	SLD 672838	PO#244838	DeZAVALA ES	03/14/2007	300314LZ	25,400.82
WAI	556	USAC	SLD 694914	PO#243118	HAWTHORNE ES	03/14/2007	307782LZ	24,635.28
WAI	591	USAC	SLD 694914	PO#244713	PEASE ES	03/14/2007	307782LZ	33,915.70
WAI	581	USAC	SLD 694923	PO#248387	ADAMS ES	03/14/2007	303402LZ	28,086.82
WAI	516	USAC	SLD 711828	PO#248323	TITCHER ES	03/13/2007	30048LZ	36,252.26
WAI/WMS	578	USAC	SLD 627677	PO#248883	LACOW ES	03/13/2007	242883LZ	170,008.18
<b>WAI TOTAL</b>								<b>620,328.53</b>

DALLAS COMPANIES **2,542,068.27**

Lazo Technologies, Inc.  
Customer QuickReport  
January 1 through May 8, 2009

#05 - DISD by PO	Type	Date	NAME	Description	Due Date	Paid	Amount
J87763 - Portable Bldg Connectivity							
162 - 776367 Stanswell Jackson							
	Bill	03/18/2009	301173	Craddock Lumber Company	04/02/2009	Paid	327.15
	Bill	03/20/2009	3864989	Communications Supply Corp.	05/05/2009	Unpaid	3,543.60
	Bill	03/23/2009	1700874-00	Parrish Hare Electrical Supply	04/22/2009	Paid	478.17
	Bill	03/26/2009	3870904	Communications Supply Corp.	05/11/2009	Unpaid	1,891.00
	Bill	03/27/2009	1702131-00	Parrish Hare Electrical Supply	04/29/2009	Unpaid	22.93
	Bill	03/27/2009	3871520	Communications Supply Corp.	05/12/2009	Unpaid	2,052.00
	Bill	03/30/2009	1702366-00	Parrish Hare Electrical Supply	04/29/2009	Unpaid	175.26
	Bill	03/30/2009	1702248-00	Parrish Hare Electrical Supply	04/29/2009	Unpaid	14.85
	Bill	03/31/2009	1702491-00	Parrish Hare Electrical Supply	04/30/2009	Unpaid	170.20
	Bill	04/02/2009	3877516	Communications Supply Corp.	05/15/2009	Unpaid	3,994.00
	Bill	04/02/2009	3877225	Communications Supply Corp.	05/17/2009	Unpaid	700.00
	Bill	04/02/2009	69269-APRIL09	Gregory S. Butler	05/02/2009	Paid	18.66
	Bill	04/02/2009	2882418	Communications Supply Corp.	05/25/2009	Unpaid	79.75
	Bill	04/12/2009	AMEX08-4-12-09	American Express - 3008	04/12/2009	Paid	391.00
	Bill	04/13/2009	TC01725603	TEK Systems	05/28/2009	Unpaid	3,456.00
	Bill	04/16/2009	WF-4-16-09	Wells Fargo Master Card	04/16/2009	Paid	1,771.30
	Bill	04/20/2009	TC01727372	TEK Systems	06/04/2009	Unpaid	1,008.00
	Bill	04/20/2009	TC01727040	TEK Systems	06/04/2009	Unpaid	3,096.00
	Bill	04/21/2009	3895061	Communications Supply Corp.	06/05/2009	Unpaid	546.00
	Bill	04/24/2009	658286601	Rexel	05/24/2009	Unpaid	119.00
	Bill	04/27/2009	TC01728194	TEK Systems	06/11/2009	Unpaid	1,728.00
							<u>25,576.92</u>