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02-6

AUG - 3 2009

Federal Communications Commission
Office of the Secretary

From: Tom Lazo [tlazo@lazotech.com]
Sent: Wednesday, December 03, 2008 5:03 PM
To: Jim Bird; JudgeFinn@DavidFinn.com
Cc: Michele Ellison; 'Chorpening, Jennifer (CIV)'; Lisa Gelb; Karen Onyeije; 'Sue bettcher'
Subject: Lazo Technologies Response to Jim Bird's questions of his email dated 11-21-08
Attachments: FCC report 120308.xls

Jim,
 The attached Excel Spread sheet provides all the answers to the 6 questions you asked in paragraph 3 of your email dated 11-21-08.

We spent many hours going through our past four (4) years of financials to develop this report. We checked with our accountant to verify that we used standard accounting principles in the development of the report. We are confident of the report accuracy and we can provide answers to any questions you may have.

ATS South and HPS should be emailing their respond to day as well. I will check with you tomorrow morning to insure you have all three companies report.

Again we thank you, Michele and all of the FCC staff that working our request.

Tom Lazo SR.

No. of Copies rec'd 2
 List ABCDE

A) Questions asked by Jim Bird e-mail of November 21, 2008

- 1) A detail description of all payment to **LAZO** from Consortium (Reimbursement for cost and margin)
- 2) A statement of labor cost paid directly by **LAZO** for the project
- 3) A statement of equipment/material cost paid directly by **LAZO** for the project
- 4) Statement of Overhead cost paid **LAZO** for the project
- 5) Explanon of how overhead was allocated to DISD E-Rate Project and other projects
 - a) Determine Company wide Annual Direct Labor & Non Direct Project Business Expenses for each Erate Project Year **2004, 2005, 2006, 2007**
 - b) Calculate Company wide Yearly **O/H Ratio** for each Erate Project year =
(**Non Direct Project business Expenses / Annual Direct labor**)
 - c) Calculate **Yearly Erate O/H Amount** for each Erate Project year =
(**Direct labor for Erate project X Year O/H Ratio**)
 - d) **Project O/H Amount** is the sum of all (**2004, 2005, 2006, 2007**) yearly Erate O/H Amount
 - e) All Projects O/H amount are estimated the same way
- 6) A statement and description of other cost paid by **LAZO** in connection with it work on this project

Revenues:

Payments: (answer to Question #1)	6,130,793.00
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Cost of Good Sold:

Direct Labor Cost: (Answer to question #2)	3,804,968.00
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Equipment Cost: (answer to question 3-a)	130,597
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Material: (answer ot question 3-b)	215,009
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Total Cost of Goods	4,150,574

Gross Margin/Profit	1,980,219
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Project Direct Operating Expense:	721,742
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Project Overhead: (answer question 4)	1,284,052	

Total O/H & Operation Expense		2,005,794

Net Income from E-rate		(25,575)
 Other Cost related to Project: (Answer to question 6)		
Legal: for FCC	3,852	
Travel to Washington for FCC	2,000	
Legal: for Settlement	22,385	
Settlement with Tri Conn (Subcontractor)	15,000	

		43,237
YTD Erate Yr 6 Project		(68,812)

Other Indirect Cost related to Project: (Answer to question 6)

by not having access to the Lazo outstanding USAC A/R for the past 3 1/2 years. It has not allowed our Lines of Credit to be increase and has also limited our Bonding Capacity thus Limiting Lazo Technologies the ability to bid on bigger projects and grow and create more jobs and capacity.

Because we did not have these funds available for Operating Capital our Bank Debt grew thus decreasing Lines of credit. Our current bank Debt is \$380,000 with additional \$200,000 to be add as debt by 1/31/09

From: Dennis C. Ware [dcware@atssouth.com]
Sent: Wednesday, December 03, 2008 5:49 PM
To: Jim Bird
Cc: JudgeFinn@DavidFinn.com; Michele Ellison; Lisa Gelb; Karen Onyeije; Billy Ratcliff; Jennifer.Chorpening@usdoj.gov
Subject: Lazo Technologies response to Jim Birds' email
Attachments: fccprofit_loss.xls

02-6

Answer to question #3:

No we do not have representation on this matter.

If I can be of any further assistance please do not hesitate to call.

Dennis C. Ware
W&R Technology dba ATS SOUTH
O- (214-428-0222)
F-(214) 428-0349

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Revenue

	Amount
Cabling	\$4,959,965.00
Rack & Stack	\$43,617.50
Equipment installation	\$51,812.53
Wap Installation	\$11,940.00

Total **\$5,067,335.03**

Direct Costs

Labor	(\$2,566,935.00)
Material Purchased	(\$267,479.00)
Equipment Purchased	(\$33,898.00)
Sub Contractors	(\$1,073,690.59)

Total **(\$3,942,002.59)**

Gross Margin **\$1,125,332.44**

Indirect Costs

Business expenses	(\$556,164.00)
Facilities	(\$70,500.00)
Insurance	(\$99,237.60)

Total **(\$750,711.00)**

Indirect Labor

Support	(\$296,750.00)
Administrative	(\$638,250.00)

Total **(\$935,000.00)**

**Overhead-
expense** **Operations** **(\$1,685,711.00)**

Net profit / loss **(\$560,379.00)**

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From: Eddie Hill [ehill01@sbcglobal.net]
Sent: Wednesday, December 03, 2008 5:50 PM
To: Jim Bird
Cc: Michele Ellison; 'Chorpening, Jennifer (CIV)'; Lisa Gelb; Karen Onyeije
Subject: HPS Response to Jim Bird Email dated 11-21-08
Importance: High
Attachments: HPS FCC Erate Report.doc

Erate Revenue and Expenses attached.

REGARDS,

EDDIE HILL

to strive, to seek, to find....and not to yield

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List ABCDE

Hps HILL PROFESSIONAL SERVICES, LLC

Erate Data for FCC

Total Erate Revenue \$5,548,697

Cost of Goods Sold

-Labor \$5,480,872
-Material \$286,749
-Miscellaneous \$29,184

Total Cost of Goods Sold \$5,796,805

Business Expenses (Insurance, Administrative, Office Supplies, etc.) \$179,971

Total Business Expenses \$179,971

Overhead (Direct Labor-Telephones, Rent, etc.) \$230,795

Total Overhead \$230,795

Total Expenses \$6,207,571

Erate Project Total (\$758,874)

Submitted on December 3, 2008

By: Eddie Hill
Title: President

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From: Tom Lazo [mailto:tlazo@lazotech.com]

Sent: Friday, December 12, 2008 5:20 PM

To: Jim Bird; JudgeFinn@DavidFinn.com

Cc: Michele Ellison; 'Chorpening, Jennifer (CIV)'; Karen Onyeije; 'Sue bettcher'

Subject: FW: Lazo Technologies Response to Jim Bird's questions of his email dated 11-21-08

Jim,

As I stated in my telephone call, I found an error in my report that I sent on 12-03-2008. The error was, I found \$235,165 of payments from MSE in 2004 that I did not count on the 12-03-2008 report. A \$50,000 payment was listed as Erate Program and \$185,165 was listed as Erate Material Management. I have corrected the attached Excel spreadsheet to reflex the correct amount in Revenues.

Thank again for your understanding
Tom Lazo

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- 6) A statement and description of other cost paid by **LAZO** in connection with it work on this project

Revenues:

Payments: (answer to Question #1) 6,365,958.00 <---- Corrected amount

Cost of Good Sold:

Direct Labor Cost: (Answer to question #2) 3,804,968.00

Equipment Cost: (answer to question 3-a) 130,597

Material: (answer of question 3-b) 215,009

Total Cost of Goods 4,150,574

Gross Margin/Profit 2,215,384

Project Direct Operating Expense: 721,742

Project Overhead: (answer question 4)

1,284,052

Total O/H & Operation Expense

2,005,794

Net Income from E-rate

209,590

Other Cost related to Project: (Answer to question 6)

Legal: for FCC

3,852

Travel to Washington for FCC

2,000

Legal: for Settlement

22,385

Settlement with Tri Conn (Subcontractor)

15,000

43,237

YTD Erate Yr 6 Project

166,353

Other Indirect Cost related to Project: (Answer to question 6)

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