

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

In the Matter of)	
)	
Request for Review of a Decision of the)	CC Docket No. 02-6
Universal Service Administrator by)	
)	
Integrity Communications, Ltd)	File No. FRN 881725 (FY2002)
Corpus Christi, Texas)	
)	

To: Chief, Wireline Competition Bureau

PETITION FOR RECONSIDERATION

**Paul C. Besozzi
Patton Boggs LLP
2550 M Street, N.W.
Washington, DC 20037
(202) 457-6000**

**Counsel for Integrity
Communications, Ltd.**

Dated: September 27, 2009

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

In the Matter of)	
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Request for Review of a Decision of the)	CC Docket No. 02-6
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Integrity Communications, Ltd)	
Corpus Christi, Texas)	

To: Chief, Wireline Competition Bureau

PETITION FOR RECONSIDERATION

Integrity Communications, Ltd. (“Integrity” or “Company”), acting through counsel and pursuant to Section 1.106 of the Federal Communication Commission’s (“FCC” or “Commission”) rules, hereby petitions for reconsideration of a portion of the Commission’s Order, DA 09-1946, released August 28, 2009 (“Order”).¹ Integrity respectfully submits that the Order’s conclusions regarding the propriety of the Universal Service Administrative Company’s (“USAC”) conduct in circulating a copy of the Audit Letter to Integrity’s other E-rate applicant schools is in error and internally inconsistent.

I. BACKGROUND – THE ORDER AND COMPLIANCE PLAN

In the Order, the Wireline Competition Bureau, acting pursuant to delegated authority, denied Integrity’s request for review of a letter issued by USAC under the Schools and Libraries Support Mechanism (“E-Rate Program”). The Order concluded that USAC acted properly in

¹ *In the Matter of Request For Review of a Decision of the Universal Service Administrator by Integrity Communications, Ltd, Corpus Christi, Texas*, Order, DA 09-1946 (Wireline Compet. Bur.), released August 28, 2009.

suspending processing of certain applications for E-Rate Program support specifying Integrity as the service provider based on a USAC audit finding against the San Benito Independent School District, one of Integrity's customers. USAC imposed the suspension upon issuing an Audit Letter to Integrity *before Integrity was given an opportunity to respond to Audit Letter.*²

The Order found a compliance plan previously submitted by Integrity in April of this year to be insufficient in response to the Audit Letter and provided Integrity with an opportunity, within 15 days of the release of the Order, to resubmit the plan, with certain representations relating to Integrity's invoicing procedures. Integrity submitted a supplement to its compliance plan on September 3, 2009.

Thereafter, on September 11, 2009, counsel for Integrity received further inquiry in an electronic message, from Mr. Brian Murphy of USAC, regarding Integrity's supplemented compliance plan. Specifically, Mr. Murphy sought further information and assurances concerning applications and certain invoices for services already provided prior to September 3, 2009. Integrity's Chief Executive Officer, Mr. Bill Sugarek, fully responded to Mr. Murphy's electronic message with a further clarifying supplement on the same day. On September 15, 2009, Mr. Murphy acknowledged receipt of this further supplement and indicated that the corrective action taken "is acceptable" and that "[p]ending applications will now proceed through the process."

Since that time, however, upon further inquiry concerning the processing of invoices for services previously rendered, including invoices for schools other than San Benito, Mr. Murphy has indicated that USAC "will be performing additional pre-commitment, post-commitment and

² Letter from Schools and Libraries Division, Audit Response, USAC to Stewart Burleigh (dated October 24, 2007) referenced in Order, ¶ 1, n.2. Attached as Exhibit 1 hereto.

invoicing reviews before any funds are actually released.”³ No time frame for completion of these “reviews” was provided.

The Commission failed to give USAC any deadline for completing the processing of Integrity’s funding requests, including the payment of invoices for services previously rendered. The freeze, delay and distribution of the Audit Letter have inflicted severe damage on Integrity. USAC should be given a reasonable deadline for completing processing of the applications and payment of the invoices. The Commission should reconsider its decision and direct USAC to complete processing of all applications by November 30, 2009. USAC should be required to act on all pending invoices by no later than October 15, 2009.

II. BACKGROUND: THE ORDER AND DISTRIBUTION OF THE AUDIT LETTER

The Order also found that USAC was justified in simultaneously sending the Audit Letter (i.e., at the same time as the Letter was sent to Integrity) to Integrity’s other E-Rate Program applicant schools and suspending the processing of the applications involving Integrity and those other schools. However the FCC expressly prohibited USAC, on a going forward basis, from engaging in such practices “unless it has evidence and a reasonable basis to believe that the service provider or school is engaged in violation of the Commission’s rules with respect to that specific school district.” USAC had no such evidence or basis when it did so with respect to Integrity.

III. THE ORDER FAILS TO JUSTIFY USAC’S ACTION IN SENDING THE AUDIT LETTER TO INTEGRITY’S OTHER CUSTOMERS NOT INVOLVED WITH THE AUDIT

The Order justifies USAC’s action with respect to Integrity’s other E-Rate Program applicant schools as follows:

³ Copies of the compliance submission and follow on electronic message exchanges are attached at Exhibit 2.

“At the time USAC took these actions, it understood that the Wireline Competition Bureau had approved the format of its Non-Compliant Auditee Letter, and USAC had proposed to send this letter to all affected parties, including all related E-rate applicants, *if a service provider failed to respond adequately regarding non-compliant audit findings.*”⁴

The Order goes on to state, however, that USAC’s action “with respect to adverse audit findings on a going forward basis” would be improper, stating:

“...USAC should not send an audit letter to or hold funding for schools or service providers unless it has evidence and a reasonable basis to believe that the service provider or school is engaged in a violation of the Commission’s rules with respect to that specific school district... With respect to audits, USAC should not halt funding unless it has cause to believe that a particular school, and/or service provider with respect to a particular school, may be in violation of the Commission’s rules. If the factual situation present in Integrity’s case were to arise in the future, absent other evidence of wrongdoing, USAC would be acting appropriately to halt funding with respect to Integrity and San Benito, but USAC should not halt funding to other schools using Integrity as their service provider without first taking steps to determine whether similar contractual provisions exist between those schools and Integrity.”⁵

So going forward, what USAC did here in alerting other schools and holding up the processing their applications was not appropriate or justified, but it was fine here because USAC understood it was acceptable to do so “if a service provider failed to respond adequately regarding non-complaint audit findings.”

Integrity respectfully submits that the actions of USAC in suspending review of pending FRNs associated with Integrity Communications and in sending the Audit Letter to school districts not associated with the audit of San Benito Consolidated Independent School District without providing Integrity any prior opportunity to respond were not reasonable. In effect the

⁴ Order, p. 10, ¶21.

⁵ *Id.*

actions of USAC resulted in a *de facto* suspension and debarment of Integrity without compliance with the procedures provided by the Commission's rules.⁶ Causes for suspension or debarment are conviction of or civil judgment for attempt of criminal fraud, theft, embezzlement, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property, making false claims, obstruction of justice and other fraud or criminal offense arising out of activities associated with or related to the schools and libraries support mechanism, the high-cost support mechanism, the rural health care support mechanism, and the low-income support mechanism.⁷

Without any evidence of a civil judgment or criminal conviction involving any of the enumerated activities, USAC effectively suspended and debarred Integrity Communications. The publication to school districts which were not involved in the San Benito audit effectively debarred Integrity Communications just as if the notice of Integrity's debarment from the schools and libraries support mechanism had been published in the Federal Register. But suspension and debarment can only occur "upon evidence that there exists cause for suspension and debarment", and notice to the person of the conduct relied on, namely, the entry of a criminal conviction or civil judgment.⁸

Of course there was no audit finding against Integrity; the Commission concedes that Integrity was not the subject of the audit. This makes it difficult to understand why it would be reasonable or acceptable for USAC to rely on the Commission's blessing of its plan for treating audit resolutions.

⁶ 47 C.F.R. §54.8.

⁷ 47 C.F.R. §54.8(c).

⁸ 47 C.F.R. §54.8(e)(1), (2).

But putting that fact aside, the Commission’s reasoning ignores one significant fact – USAC distributed the Audit Letter and suspended processing of all the Integrity applications BEFORE giving the service provider any opportunity to “respond adequately regarding non-compliant audit findings.” The Audit Letter was sent to these other schools at the same time that it was sent to Integrity and expressly states as such.

“So that applicants may make informed decisions about how to proceed, a copy of this letter is being sent to all applicants associated with currently pending FRNs for which USAC would otherwise make additional commitments”⁹

So the Commission’s analysis and sanctioning of USAC’s past conduct, which it clearly found to be inappropriate and unjustified, and indeed proscribed, on a going forward basis, is based on a wholly false assumption. Integrity, which did not participate in the audit – it was not the auditee as the Commission concedes – had no opportunity, prior to USAC effectively tainting its relationship with these other schools, to respond to the assertions in the Audit Letter.

Because the Bureau has noted the unfairness of such a *de facto* debarment on a going forward basis, how could such actions by USAC in this case be determined to be reasonable; when Integrity was not given an opportunity to respond to the Audit Letter before it was sent to the other school districts?

Therefore, the Commission must reconsider its conclusion and finding that USAC acted properly “at the time that USAC took these actions” in sending the Audit Letter and find that they were improper when taken and not sanctioned or authorized as part of any FCC-approved USAC process, procedure or FCC E-Rate Program rule.

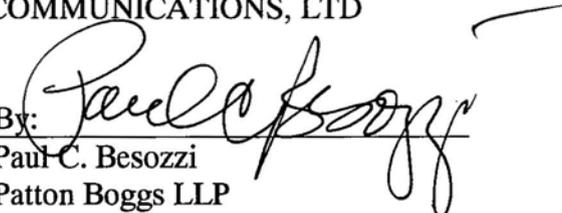
⁹ Audit Letter, p. 2. The cc block on the Letter also shows that it was being simultaneously sent to the other school districts.

IV. CONCLUSION AND REQUEST FOR RELIEF

As noted above, the Commission should reconsider the Order and require USAC to complete processing of all pending applications by November 30, 2009. USAC should be required to act on all pending invoices by no later than October 15, 2009. Further, Commission must reconsider its conclusion and finding that USAC acted properly “at the time that USAC took these actions” in sending the Audit Letter and find that they were improper when taken and not sanctioned or authorized as part of any FCC-approved USAC process, procedure or FCC E-Rate Program rule.

Respectfully submitted,

INTEGRITY
COMMUNICATIONS, LTD

By: 

Paul C. Besozzi
Patton Boggs LLP
2550 M Street N.W.
Washington, DC 20037
(202) 457-5292

Counsel for Integrity
Communications, Ltd.

Dated: September 27, 2009

EXHIBIT 1



Universal Service Administrative Company
Schools & Libraries Division

October 24, 2007

Stewart Burleigh
Integrity Communications
11028 Leopard Street
Corpus Christi, TX 78410

RE: Beneficiary Audit

Dear Mr. Burleigh:

A school, school district, or library that selected you as a service provider was recently audited to evaluate its compliance with Federal Communications Commission (FCC) rules relating to the Schools and Libraries Universal Service Support Mechanism (E-Rate). The audit focused on Funding Year 2002 and found that your entity or the school, school district, or library was not in compliance with FCC rules because:

- You prematurely billed USAC for services or equipment.

This letter notifies you, as the contact person for the service provider, that the Schools and Libraries Division (SLD) of USAC will take no action on pending or future Funding Request Numbers (FRNs) associated with your entity until USAC determines that your entity has reasonably complied with the request explained below. USAC may also heighten its scrutiny of any invoices submitted by your entity.

USAC is responsible for ensuring that funding commitments and disbursements are made in compliance with program rules.¹ In addition, USAC has a fiduciary duty to protect the Universal Service Fund from waste, fraud and abuse.² You (and perhaps others), as the contact person for your entity, have made a number of certifications and/or representations on FCC Forms 498, 472, 473 and 474 that you have submitted to USAC on behalf of your entity. False or incorrect certifications may result in numerous consequences, including denial of funding, recovery of funds already disbursed and/or other enforcement actions. The audit finding(s) resulting in the non-compliance indicate that you failed to comply with one or more of the certifications that you made on program forms and/or that your entity has otherwise failed to comply with program requirements.

USAC requests that you provide the information and documentation explained below so that USAC can resume consideration of FRNs associated with your entity. **If no response is received within six months of the date of this letter, or if no**

¹ See generally 47 U.S.C. § 254; 47 C.F.R. § 54.500 *et seq.*

² See 47 C.F.R. § 54.702.

reasonable explanation for delay is provided within six months of the date of this letter, USAC will deny pending FRNs.

Your receipt of this letter does not mean that your entity is prohibited from responding to FCC Forms 470 or from submitting invoices to USAC. Once USAC has determined that your entity has reasonably complied with its request(s), USAC will resume consideration of any pending FRNs.

So that applicants may make informed decisions about how to proceed, a copy of this letter is being sent to all applicants associated with currently pending FRNs for which USAC would otherwise make additional commitments.

Please note that, depending upon USAC's review of the information that you provide, USAC may also need to request information and documentation for prior funding years.

WHAT TO ADDRESS REGARDING THE AUDIT FINDINGS

Below is an explanation of what to address regarding the audit finding(s) so that a determination can be made regarding the hold on your entity's commitments.

- Your entity's non-compliance is the result of your entity prematurely billing USAC for services and or equipment delivered to the school district. You submitted a Service Provider Invoice Form (SPI Form or FCC Form 474), to USAC. However, USAC's audit of the school district determined that you violated the terms and conditions of the RFP, which stated that there would be no advance or progress payments to the service provider before completion of the project. However, you billed the school district and USAC prior to completion of the project. In order to address this finding, your entity must develop and implement a plan to strengthen internal controls to ensure that when your entity submits a SPI Form, your entity has in fact provided, or is in the process of providing, the services and/or equipment to the school district, and your entity's receipt of upfront payments and/or progress payments is included in the relevant contract between your entity and the school district.

You should consult FCC rules and orders available at the FCC website for details regarding these requirements.³ You must provide USAC with proof that you have taken these steps. This proof should consist, at a minimum, of a copy of your entity's plan to address this audit finding, and a description of how this plan has been implemented.

You should also provide any other information you believe would be useful to USAC in determining whether or not you have adequately addressed the audit findings that resulted in the non-compliance. You must provide this proof within six months of the date of this letter, or you must provide a reasonable explanation for delay and a date certain by which you will provide the required information. **Failure to provide the required information within the designated time period may result in denial of pending requests for funding and rejection of invoices submitted for payment.**

The information and documentation requested above should be sent to:

³ See 47 C.F.R. §§ 54.501, 54.502, 54.503, 54.504(h), 54.517, 54.518, 54.519, SPAC, SPI.

Stewart Burleigh
Page 3 of 3
October 24, 2007

Universal Service Administrative Company
Schools and Libraries Division
2000 L. Street, N.W., Suite 200
Washington, DC 20036
Attn: Brian Murphy

USAC'S REVIEW OF YOUR COMPLIANCE WITH THIS REQUEST

USAC will review your submission to determine whether it reasonably complies with the requirements set forth in this letter and demonstrates that you have adequately addressed the audit finding(s) that resulted in the non-compliance. USAC may seek additional information and documentation from you as it makes this determination.

If USAC determines that you have reasonably complied with this request and that you have adequately addressed the audit finding(s) that resulted in the non-compliance, you will be provided with written notification, and USAC will commence reviewing pending FCC Forms 471 containing FRNs associated with your entity. If USAC determines that you have not reasonably complied with this request, USAC will deny pending FRNs associated with your entity. Should this situation occur, you will be able to request review of USAC's decisions consistent with the procedure set out below.

FCC REVIEW OF USAC'S DETERMINATION AS SET FORTH IN THIS LETTER

If you disagree with USAC's determination that it will not make pending or future funding commitments until you have complied with the request in this letter, you may file an appeal with the Federal Communications Commission (FCC). You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be **POSTMARKED** within 60 days of the date of USAC's written notification. 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 it 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 either the e-mail or fax filing options.

Sincerely,

Schools and Libraries Division
Audit Response

cc: Jim Hogg County Independent School District
Donna Independent School District
Raymondville Independent School District
San Benito Independent School District
Santa Maria Independent School District
Van Guard Academy

EXHIBIT 2

**Integrity Communications, Ltd.
11028 Leopard Street
Corpus Christi, Texas 78410**

BY OVERNIGHT COURIER

Universal Service Administrative Company
2000 L Street, N.W., Suite 200
Washington, D.C. 20036
Attn: Brian Murphy
Kristy Carroll, Esq.

RE: Supplement To April 10, 2009 Integrity Communications, Ltd. ("Integrity") Compliance Plan

Dear USAC:

On April 10, 2009, Integrity submitted the attached letter in connection with concerns identified in an audit of support provided to the San Benito, Texas School District in Funding Year 2002 under the Schools and Libraries Support Mechanism administered by USAC ("E-Rate Program"). Integrity provided certain internal connections to San Benito which received E-Rate Program support during that Funding Year.

In response to the August 28, 2009 decision of the Federal Communications Commission (*In the Matter of Request for Review of a Decision of the Universal Service Administrator by Integrity Communications, Ltd, Corpus Christi, TX*, Order, DA 09-1946 (Wireline Compet. Bur.) released August 28, 2009 ("*Integrity Order*")), Integrity hereby supplements the compliance plan outlined in its April 10 letter with (and incorporates as part thereof) the following explicit representation and commitment:

Integrity does not currently submit invoices to USAC with the knowledge that the customer is not obligated to pay "upon receipt." Further, in the future, if Integrity enters into a contract that does not require the school to pay Integrity until the completion of the project, Integrity will not submit invoices to USAC until the project is complete.

Integrity notes that under the terms of the *Integrity Order*, the FCC has directed USAC to complete its review of this compliance plan, as supplemented, no later than 7 business days after its submission to USAC, and, in accordance with USAC's practices for protection against waste fraud and abuse, resume processing of Integrity's funding requests consistent with the *Order*.

Please direct any questions concerning this supplement to the undersigned:

Sincerely yours,

A handwritten signature in black ink, appearing to read "Bill Sugarek", written over a horizontal line.

Bill Sugarek
Chief Executive Officer

cc: James Buchanan, Esq.
Paul Besozzi, Esq.

PATTON BOGGS LLP
ATTORNEYS AT LAW

FILED/ACCEPTED

APR 23 2009

Federal Communications Commission
Office of the Secretary

2550 M Street, NW
Washington, DC 20037-1350
202-457-6000

Facsimile 202-457-6315
www.pattonboggs.com

CC: 02-6

April 10, 2009

Paul C. Besozzi
202-457-5292
pbsozzi@pattonboggs.com

BY ELECTRONIC MAIL

Ms. Jennifer McKee
Acting Chief
Telecommunications Access Policy Division
Wireline Competition Bureau
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

RE: Integrity Communications, Ltd.

Dear Jennifer,

Once again, thanks to you and your colleagues for recently devoting substantial time to discussing the path to resolution of certain pending matters relating to Integrity Communications, Ltd.

As a follow up to that meeting and discussion I enclose a letter from Integrity outlining its current E-rate program procedures, including invoicing. Integrity sincerely hopes that this submission will be the basis for the prompt (a) lifting of the freeze imposed by USAC in October of 2007 on the processing of all applications specifying Integrity's SPIN and (b) the payment of all outstanding invoices for services rendered which are pending at USAC.

I would note that nothing has changed with respect to the impact on Integrity as described by Mr. Sugarek of this ongoing freeze and non-payment. This is a matter in which time is of the essence and I anticipate following up with you next week.

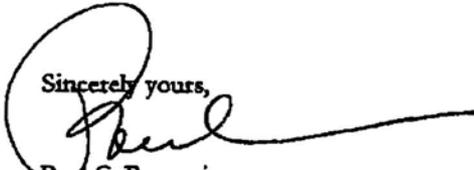
I have simultaneously provided a copy of this letter and attachment to USAC representatives with whom Integrity has previously dealt with on this matter.

PATTON BOGGS LLP
ATTORNEYS AT LAW

Ms. Jennifer McKee
April 10, 2009
Page 2

If there are any questions or other information required, please let me know immediately.

Sincerely yours,



Paul C. Besozzi

cc: Gina Spade
Anita Cheng
Alexander Minard
Kristy Carroll
Brian Murphy
Bill Sugarek
Charlotte Smith

April 10, 2009

Universal Service Administrative Company
2000 L Street, N. W., Suite 200
Washington, DC 20036

To Whom It May Concern,

Integrity Communications, Ltd. continually strives to be in full compliance with FCC Rules and Regulations and with USAC Policies and Procedures. Below you will see what our internal policies are for remaining compliant.

We attend USAC annual training seminars and strive to monitor constant changes in policy by USAC and the FCC. Based on information obtained by these means we are continually updating our procedures with the intent to remain in compliance.

Integrity Communications, Ltd.'s current internal operating procedures and protocol for dealing with E-Rate invoicing procedures are as follows:

- A legally binding agreement or contract between the applicant (our customer) and Integrity is required prior to the filing of the Form 471.
- The school must file an FCC Form 486 with USAC prior to Integrity issuing an invoice to the school and to USAC.
- Integrity files an FCC Form 473 annually before invoicing USAC.
- Services are rendered.
- The school requests an invoice to our Accounts Receivable Department by the Project Manager upon agreement from the school district.
- Integrity issues an invoice to the school prior to issuing an invoice to USAC.
- Each invoice has the FRN# and Item 21 Attachment details and prices attached or referenced.
- We insure the appropriate personnel sign and send the "Service Certification" to USAC per USAC policy.

Records of transactions are kept in SMP Accounting Software for future reference.

- All invoices state payment due upon receipt, and we stress the importance for districts to make payment within the 90 days per FCC policy.

- Payments received from schools and USAC are recorded in SMP and our accounting software.
- Upon full completion of a project or FRN, that FRN is closed out and recorded as satisfactorily completed.
- Hard copies of all transactions are filed according to each individual school district.
- We save all documents for a minimum of 5 years.

As program rules, policies, and procedures are constantly changing from USAC we strive to understand and interpret requirements and make adjustments to our internal policies and procedures to remain compliant.

Our ultimate goal is to provide the schools and under privileged children the much needed services requested and at the same time to be compliant with the FCC Rules and Regulations as well as the USAC Policies and Procedures to enable satisfactory compliance.

Sincerely,



Bill Sugarek
CEO, Integrity Communications, Ltd.

Besozzi, Paul

From: Brian Murphy [bmurphy@usac.org]
Sent: Friday, September 11, 2009 3:53 PM
To: Besozzi, Paul; Kristy Carroll
Cc: Jennifer McKee; Gina Spade; Jim Buchanan; Charlotte; bsugarek@integritycd.com
Subject: RE: Integrity Submission To USAC

Paul:

Your response is appreciated. However, in DA 09-1496, the FCC at paragraph 17 indicated that ICL could file with USAC "a compliance plan that plainly states that it does not currently participate in an invoicing arrangement similar to the arrangement at issue in this appeal, and that it will not participate in such arrangements in the future."

Please indicate that you do not currently participate in such an invoicing arrangement. Pending at USAC are ICL FRNs that have not yet been funded but are based on contracts entered into prior to the date of your compliance plan – September 3, 2009. Please provide USAC with assurances that with regard to the contracts underlying these pending FRNs there is no such invoicing arrangement. Also pending at USAC are ICL invoices that were submitted prior to September 3, 2009. Please provide USAC with assurances you have received the co-payments from the customers related to those pending invoices.

Regards,

Brian Murphy
Universal Service Administrative Company
2000 L Street, NW, Suite 200
Washington, DC 20036

From: Besozzi, Paul [mailto:PBesozzi@PattonBoggs.com]
Sent: Thursday, September 03, 2009 5:26 PM
To: Kristy Carroll; Brian Murphy
Cc: Jennifer McKee; Gina Spade; Jim Buchanan; Charlotte; bsugarek@integritycd.com
Subject: Re: Integrity Submission To USAC

Kristi and Brian -

Attached is an electronic copy of a submission by Integrity Communications, Ltd. which we have confirmed was received today by USAC.

The submission is timely made pursuant to Paragraph 17 of the FCC's Order DA 09-1946, released August 28, 2009.

Paul

Paul C. Besozzi
Partner, Technology and Communications Group
Patton Boggs LLP

9/24/2009

2550 M Street, N.W.
Washington, D.C. 20037
202-457-5292 (Direct)
202-457-6315 (Facsimile)
301-346-2431 (Mobile)
pbsozzi@pattonboggs.com

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Besozzi, Paul

From: Bill Sugarek [bsugarek@integritycd.com]
Sent: Friday, September 11, 2009 7:18 PM
To: Brian Murphy
Cc: Besozzi, Paul; Kristy Carroll; Jennifer McKee; Gina Spade; Jim Buchanan; Charlotte
Subject: Re: Integrity Submission To USAC

Mr. Murphy,

This is in response to your electronic message of Friday September 11, attached.

Integrity does not currently participate in an invoicing arrangement similar to the invoicing arrangement at issue in the appeal. This applies to pending FRN's involving Integrity that have not been funded but are based on contracts entered into prior to September 3, 2009 (i.e., with respect to those contracts there is no such invoicing arrangement). With respect to the invoices pending at USAC that were submitted prior to September 3, 2009, Integrity has received the co-payments from the customers related to those pending invoices, except:

Inv#4362 to Donna ISD on 09-20-07 in the amount of \$1,819.35 which corresponds to Inv#4363 to SLD on 09-20-07 in the amount of \$16,374.20.

Regards,

Bill Sugarek
Integrity Communications

On Sep 11, 2009, at 2:53 PM, Brian Murphy wrote:

Paul:

Your response is appreciated. However, in DA 09-1496, the FCC at paragraph 17 indicated that ICL could file with USAC "a compliance plan that plainly states that it does not currently participate in an invoicing arrangement similar to the arrangement at issue in this appeal, and that it will not participate in such arrangements in the future."

Please indicate that you do not currently participate in such an invoicing arrangement. Pending at USAC are ICL FRNs that have not yet been funded but are based on contracts entered into prior to the date of your compliance plan – September 3, 2009. Please provide USAC with assurances that with regard to the contracts underlying these pending FRNs there is no such invoicing arrangement. Also pending at USAC are ICL invoices that were submitted prior to September 3, 2009. Please provide USAC with assurances you have received the co-payments from the customers related to those pending invoices.

Regards,

Brian Murphy
Universal Service Administrative Company

9/24/2009

2000 L Street, NW, Suite 200
Washington, DC 20036

From: Besozzi, Paul [<mailto:PBesozzi@PattonBoggs.com>]
Sent: Thursday, September 03, 2009 5:26 PM
To: Kristy Carroll; Brian Murphy
Cc: Jennifer McKee; Gina Spade; Jim Buchanan; Charlotte; bsugarek@integritycd.com
Subject: Re: Integrity Submission To USAC

Kristi and Brian -

Attached is an electronic copy of a submission by Integrity Communications, Ltd. which we have confirmed was received today by USAC.

The submission is timely made pursuant to Paragraph 17 of the FCC's Order DA 09-1946, released August 28, 2009.

Paul

Paul C. Besozzi
Partner, Technology and Communications Group
Patton Boggs LLP
2550 M Street, N.W.
Washington, D.C. 20037
202-457-5292 (Direct)
202-457-6315 (Facsimile)
301-346-2431 (Mobile)
pbsozzi@pattonboggs.com

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Besozzi, Paul

From: Brian Murphy [bmurphy@usac.org]
Sent: Tuesday, September 15, 2009 1:57 PM
To: Besozzi, Paul
Cc: bsugarek@integritycd.com
Subject: Integrity Communications Response to FCC Order DA 09-1946 and USAC Noncompliant Letter

Paul:

Please accept this email as USAC's acknowledgment of receipt of Integrity Communications' response to FCC Order DA 09-1946 and USAC's non-compliant letter. We have reviewed your responses stating the corrective action taken and it is acceptable. Pending applications will now proceed through the process. Please be aware that we will expect these procedures implemented to be in effect going forward.

Contact me should you have any questions.

Regards,

Brian Murphy
Universal Service Administrative Company
2000 L Street, NW, Suite 200
Washington, DC 20036

Besozzi, Paul

From: Brian Murphy [bmurphy@usac.org]
Sent: Wednesday, September 23, 2009 5:56 PM
To: Besozzi, Paul
Subject: RE: Integrity Communications Response to FCC Order DA 09-1946 and USAC Noncompliant Letter

Paul:

We will be performing additional pre-commitment, post-commitment and invoicing reviews before any funds are actually released.

Regards,

Brian Murphy
Universal Service Administrative Company
2000 L Street, NW, Suite 200
Washington, DC 20036

From: Besozzi, Paul [mailto:PBesozzi@PattonBoggs.com]
Sent: Tuesday, September 22, 2009 7:12 PM
To: Brian Murphy
Subject: RE: Integrity Communications Response to FCC Order DA 09-1946 and USAC Noncompliant Letter

Brian -

I would respectfully request a response to my inquiry of September 16 below, regarding the matter of pending Integrity invoices which you inquired about in your email to me of 9/11/09.

Thank you.

Paul

Paul C. Besozzi
Partner, Technology and Communications Group
Patton Boggs LLP
2550 M Street, N.W.
Washington, D.C. 20037
202-457-5292 (Direct)
202-457-6315 (Facsimile)
301-346-2431 (Mobile)
pbsozzi@pattonboggs.com

From: Besozzi, Paul
Sent: Wednesday, September 16, 2009 3:46 PM
To: 'Brian Murphy'

9/24/2009

Subject: RE: Integrity Communications Response to FCC Order DA 09-1946 and USAC Noncompliant Letter

Brian -

Thank you for this follow up. You refer to "pending applications will now proceed through the process." Will this include the "pending" invoices for services provided?

Please let me know.

Thanks again.

Paul

Paul C. Besozzi
Partner, Technology and Communications Group
Patton Boggs LLP
2550 M Street, N.W.
Washington, D.C. 20037
202-457-5292 (Direct)
202-457-6315 (Facsimile)
301-346-2431 (Mobile)
pbsozzi@pattonboggs.com

From: Brian Murphy [mailto:bmurphy@usac.org]

Sent: Tuesday, September 15, 2009 1:57 PM

To: Besozzi, Paul

Cc: bsugarek@integritycd.com

Subject: Integrity Communications Response to FCC Order DA 09-1946 and USAC Noncompliant Letter

Paul:

Please accept this email as USAC's acknowledgment of receipt of Integrity Communications' response to FCC Order DA 09-1946 and USAC's non-compliant letter. We have reviewed your responses stating the corrective action taken and it is acceptable. Pending applications will now proceed through the process. Please be aware that we will expect these procedures implemented to be in effect going forward.

Contact me should you have any questions.

Regards,

Brian Murphy
Universal Service Administrative Company
2000 L Street, NW, Suite 200
Washington, DC 20036

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9/24/2009

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CERTIFICATE OF SERVICE

I, Paul C. Besozzi, certify on this 27th day of September, 2009, a copy of the foregoing "Petition For Reconsideration" has been served via electronic mail or first class mail, postage pre-paid, to the following:

Sharon Gillett
Bureau Chief
Wireline Competition Bureau
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554
Sharon.Gillett@fcc.gov

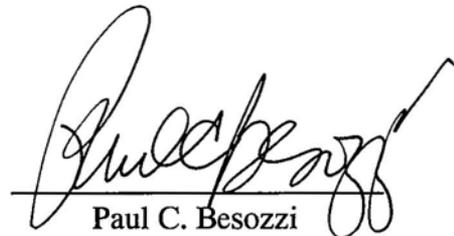
Randy Clarke
Legal Advisor to the Bureau Chief
Wireline Competition Bureau
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554
Randy.Clarke@fcc.gov

Gina Spade
Assistant Division Chief
Telecommunications Access Policy Division
Wireline Competition Bureau
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554
Gina.Spade@fcc.gov

Jennifer McKee
Acting Division Chief
Telecommunications Access Policy Division
Wireline Competition Bureau
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554
Jennifer.McKee@fcc.gov

Kristy Carroll
Deputy General Counsel
USAC
2000 L Street, N.W.
Suite 200
Washington, D.C. 20036
kcarroll@usac.org

Mr. Brian Murphy
USAC
2000 L Street, N.W.
Washington, D.C. 20026
bmurphy@usac.org



Paul C. Besozzi