CSDVRS, LLC
600 Cleveland Street, Suite 1000 – Clearwater, Florida 33755
Voice: 727-254-5600 Fax: 727-443-1537 Toll Free: 888-927-3877

February 24, 2010

VIA ELECTRONIC FILING

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street SW
Washington, D.C. 20554

RE: Notice of Ex Parte – CG Docket 03-123

Dear Ms. Dortch:

On February 23, 2010, Sean Belanger, Chief Executive Officer of CSDVRS, and the undersigned, General Counsel of CSDVRS met with Mark Stone and Michael Jacobs of the Consumer Governmental Affairs Bureau to discuss current pressing issues in the VRS industry and to offer possible industry solutions moving forward.

During the meeting, CSDVRS presented the attached power-point and discussed the issues raised therein regarding pending matters concerning toll-free numbers, porting of local numbers and the need to define the process, and industry fraud. CSDVRS presented possible long-term solutions to prevent fraud and balance the VRS marketplace including more oversight through policing and auditing, a multi-tiered or "costs plus" rate structure, and phone vouchers. CSDVRS stressed that given the market dominance of the largest VRS provider, a competitive bidding process is not a practical solution at this time.

This letter is being filed for inclusion in the public record of the Commission's docket CG 03-123.

Sincerely Yours,

William Banks, General Counsel
CSDVRS, LLC

Att: Power-Point

Cc: Mark Stone, CGB
Michael Jacobs, CGB

Current Issues

- 10 digit numbering confusion.
- Rule on 800 number. Rule to remove 800 numbers from speed dial location.
- Porting. Need for a signed LOA on file with clear definition of a port on that form.
  - Sorenson removing feature and function from the phone.
  - A new discussion and ruling on porting and default is needed.

Fraud

- Establish a 3rd party contract with the sole purpose to identify fraud.
  - This would involve audit of NECA minutes and hooks into the billing/call detail records of the providers. They would search, detect and question anomalous minutes.
  - The 3rd party would conduct a quarterly audit.

- Establish a whistler blower policy for employees and contractors of VRS companies with a special focus on Interpreters.

- Publish a clear code of ethics for all VRS employees and contractors to sign.

- All calls are subject to the code of ethics and the FCC when possible will make clear and specific rules on what calls can and cannot be billed. Ex. A conference with all deaf is non-billable.* A conference with a hearing and deaf is billable. A pod cast or simplex (one way) call not billable. A webinar with a full duplex (2 way call) billable.*
- *CSDVRS believes all conference calls should be reimbursed inclusive of all deaf. CSD also believes that podcast should be reimbursed. Conference calls and podcast that are done for the purpose to drive up minutes should not be allowed and the provider should forfeit these funds with penalty and action should be turned over to the Department of Justice.

Potential new VRS methodology

Bidding would be impossible at this time

- Current market dominance of Sorenson prevents a competitive landscape.
- Bidding process today will lead to more pressure to create fraudulent minutes if a small provider wins at a low rate or creates a complete monopoly as Sorenson can win all.
- We contend the tough economics of VRS for a small provider led to fraud. (no excuses just an observation)

A balanced Market will lead to lower prices and the opportunity for competitive bids

- Create a balanced market with true interoperability
- Let the consumer choose the default provider without penalty in the form of feature elimination
  - The original phone provider will continue to support the e911 and support the phone. In exchange for this service they would receive 08% of the reimbursed minutes plus a monthly non-usage based fee of $10 from the FCC.
- Porting would continue as the option for choice.
- A port would represent a one year commitment to the new provider. This would allow providers to operate with a projected cash flow and is equivalent to the hearing market for wireless phones
- Dial around would continue.
- This follows the hearing world and would eliminate multiple providers wasting significant funds for Outreach and providing of multiple phones to the same consumer.

www.zvrs.com

Phones

- The FCC would provide 2 vouchers every three years for the purchase of a VP.
  - One voucher would be for $300 for the purchase of a hard video phone.
  - One voucher would be for $100 for a softphone.
  - The vouchers would be presented to the provider of choice for the phone of choice.
  - In no circumstances could a phone be subsidized and in no circumstances could a PC be subsidized.
  - People with existing VPs could opt to stay with the current VP.
  - This would lead to continued innovation in Video technology.

Rate

Option 1:

- Tiered Rate based on minutes as today with the additional of higher volume tiers with rate reduction.
- It is imperative that low volume providers are paid at a higher rate to allow them to scale their business to profitability. As they grow they will be able to compete and the rate will decrease.
- We propose 5 tiers.
- Tier 1. $7.55 for 0 to 100,000 minutes.
- Tier 2. $6.75 for 100,000 to 1,000,000 minutes
- Tier 3. $6.20 for 1,000,000 to 2,000,000 minutes
- Tier 4. $5.70 for 2,000,000 to 3,000,000 minutes
- Tier 5. $5.25 for 3,000,000 minutes and above

- At our estimates this will save the fund approximately $40M.
- This combined with fraud prevention and enforcement could mean a significant saving without damaging the smaller providers

Rate

Option 2:

- All providers paid their costs plus.

- The fund originally called for a cost plus methodology. However it was cost of capital based on projected costs. Costs plus 10% were projected to create the rate. This is inappropriate for our labor intensive environment. It was based on projected costs versus actual. Marketing, R and D, and finance costs are a reality that need to counted in all cost analysis.

- We would propose actual costs from the previous year plus 20% operating margin be used to create the rate and the rate would be different per provider. Each certified provider would have a separate rate.

- The higher percentage is based on using actual costs looking backward versus projections going forward. This allows the provider to spend more but limits spending as the provider will eat into their earnings Each company would be compelled to control costs for the upcoming period as increasing costs would lead to reduced return.

Number of Providers

- FCC must limit the number of providers by having strict certifications to prevent fraud and abuse.
- To become a certified provider the FCC would conduct a bidding process for certification exclusive from pricing.
- Providers would reply as to their qualifications inclusive of fraud prevention, platform standards for minutes measurement, certification of interpreters, security of the interpreting environment, employment of deaf and other people with disabilities and more.

Conclusion

- Over time the market would be more evenly shared by a limited number of providers resulting in dramatically lower costs as the providers would all approach the Sorenson cost model
- This would preserve competition and choice thru porting. It would preserve innovation in phones and technology thru the voucher
- It would eliminate excessive outreach, marketing and phone expense
- This would of course require implementation of the rules proposed earlier in this presentation.
- The proposal on fraud puts the fraud detection in a 3rd party and insures an on-going initiative to detect and prevent fraud.