



**Trillion Partners, Inc.
9208 Waterford Centre Blvd., Suite 150
Austin, Texas 78758**

March 11, 2011

Federal Communications Commission *Delivered via ECFS & email*
Attention: Ms. Gina Spade, Deputy Division Chief
Ms. Erica Myers, Wireline Competition Bureau
Ms. Dana Bradford, Wireline Competition Bureau

Telecommunications Access Policy Division
445 12th Street SW
Washington, DC 20554

CC Docket No 02-6

Re:

Appeal
School District: Callisburg Independent School District, Callisburg, Texas
Funding Year: 2008
FRN Denied: 1651788
Form 471 Application Denied: 598748
Reason for Denial: Gifts

Dear Gina, Erica and Dana:

On November 3, 2010, Trillion filed a Master Appeal Summary with the FCC on ECFS, as well as provided the Master Appeal Summary to you via E-Mail and in hard copy. In the Master Appeal, Trillion provides the rationale as to why USAC's mass denial of funding is without merit. Please accept this Individual appeal for Callisburg Independent School District, along with the Master Appeal Summary as the appeal in its totality.

USAC alleges that Callisburg Independent School District received valuable gifts which tainted a fair and open competitive bidding process as the basis for denial of funding. Trillion denies USAC's allegations.

In fact and in all instances, the meals, gifts and gratuities that Trillion provided to the applicant were in full compliance with all applicable (FCC, state and local) competitive bidding and procurement requirements at the time. Please also note, in February of 2009, Trillion instituted a Code of Conduct for its employees that prohibits meals, gifts or gratuities of any kind and is stricter than the new rules put in place with the FCC Sixth Report and Order, FCC 10-175. Also, please note that on December 15, 2010, the FCC Wireline Competition Bureau provided guidance on the Gift Rules. In this guidance, the FCC states that "*Timing. As stated in the Sixth Report and Order, the newly codified E-rate program gift rules take effect 30 days after*

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publication of the order in the Federal Register.1 The Sixth Report and Order, including Appendix A, was published on December 3, 2010.” This makes the effective date for the gift rules January 3, 2011. Therefore, this is further evidence that USAC is applying the new Gift Rules retroactively, and as is the case with Callisburg Independent School District, is applying these new rules retroactively as far back as 2005, which is a full five years prior to the rule taking effect.

The amounts spent on meals or other routine business expenses were trivial and could not have possibly influenced a decision that would ultimately be made by the School Board. Furthermore, no member of the School Board or decision maker received any such expense. The fact is, Trillion invested \$115,833 in order to construct Callisburg’s network providing critical services with a total contract value since 2004 of \$1,172,414, while the amount of the routine business meals and expenses only amounted to an annual average of \$23.35 across the entire district for all funding years that have been denied, and no such expenses occurred prior to the initial bid that was awarded to Trillion.

In summary, this applicant’s actions were in full compliance with FCC, state and local procurement guidelines in effect at the time, as described in the Master Appeal Summary. Therefore, the customer’s actions did not, in any way whatsoever, improperly affect the competitive bidding process. It would be a travesty if this application were to be denied based upon a retroactive application of new rules defined in the FCC Sixth Report and Order.

Trillion respectfully requests that this appeal be granted.

Sincerely,

Trillion Partners, Inc.

Attachments:

- Master Appeal Summary dated November 3, 2010 as previously filed on November 3, 2010 under ECFS Number 2010113403548
- Funding Decision Commitment Letter (FCDL)

Cc:

Ron Reich, Intel Capital
Peter Pitsch, Intel

¹ *Sixth Report and Order* at para. 118.

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Notification of Commitment Adjustment Letter

Funding Year 2008: July 1, 2008 - June 30, 2009

February 09, 2011

Karla Hall or Chris Webber
CALLISBURG INDEP SCHOOL DIST
PO BOX 701713
TULSA, OK 74170 1713

Re: Form 471 Application Number: 598748
Funding Year: 2008
Applicant's Form Identifier: Callisburg Y11
Billed Entity Number: 140927
FCC Registration Number: 0011670882
SPIN: 143025872
Service Provider Name: Trillion Partners, Inc

Service Provider Contact Person: Virginia Bryant

Our routine review of Schools and Libraries Program (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 Universal Service Administrative Company (USAC) must now adjust your overall funding commitment. The purpose of this letter is to make the required adjustments to your funding commitment, and to give you an opportunity to appeal this decision. USAC has determined the applicant is responsible for all or some of the violations. Therefore, the applicant 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 USAC to issue you a Demand Payment Letter. The balance of the debt will be due within 30 days of that 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." The FCC's Red Light Rule requires USAC to dismiss pending FCC Form 471 applications if the entity responsible for paying the outstanding debt has not paid the debt, or otherwise made satisfactory arrangements to pay the debt within 30 days of the notice provided by USAC. For more information on the Red Light Rule, please see "Red Light Frequently Asked Questions (FAQs)" posted on the FCC website at http://www.fcc.gov/debt_collection/faq.html.

Funding Commitment Adjustment Report for
Form 471 Application Number: 598748

| | |
|---------------------------------------|------------------------|
| Funding Request Number: | 1651788 |
| Services Ordered: | TELCOMM SERVICES |
| SPIN: | 143025872 |
| Service Provider Name: | Trillion Partners, Inc |
| Contract Number: | N/A |
| Billing Account Number: | |
| Site Identifier: | 140927 |
| Original Funding Commitment: | \$53,902.80 |
| Commitment Adjustment Amount: | \$53,902.80 |
| Adjusted Funding Commitment: | \$0.00 |
| Funds Disbursed to Date | \$53,902.10 |
| Funds to be Recovered from Applicant: | \$53,902.10 |

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. During the course of a review, documentation provided by you and/or your vendor indicated that there was not a fair and open competitive bid process free from conflicts of interest. The documents provided by you and/or your service provider indicated that, prior to/throughout your contractual relationship with the service provider listed on the FRN, you were offered and accepted gifts, meals, gratuities, or entertainment from the service provider, which resulted in a competitive process that was no longer fair and open. Therefore, the commitment has been rescinded in full and USAC will seek recovery of any disbursed funds from the applicant and service provider.