



THE NAVAJO NATION

Department of Early Childhood Development • P.O. Box 3479 • Window Rock, AZ
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Joe Shirley, Jr.
PRESIDENT

Frank Dayish, Jr.
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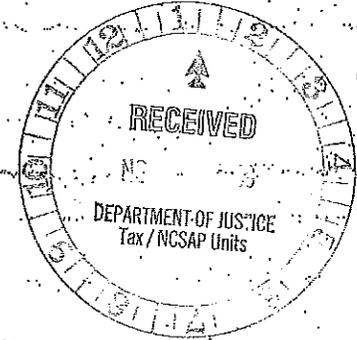
February 23, 2006

MEMORANDUM

TO: Louis Denetsosie, Attorney General
Office of Attorney General
Department of Justice

FROM: *J. Kaibah Begay*
J. Kaibah Begay, Department Manager III
Department of Early Childhood Development
Department of Diné Education

SUBJECT: Disconnection of Internet Service by OnSat.



On February 21, 2006 the Department of Early Childhood Development was disconnected from the Internet Services by OnSat for alleged non-payment, which has not been restored.

We have a contract with OnSat Network Communications, Inc. for Internet Services for \$9,000 per month (\$108,000/annum) to maintain internet connectivity and services with OnSat. Pursuant to the Contract C#22243 provision this connectivity requires that we pay in full, in advance, to OnSat for this service. Attached is a copy of the Receiving Record No. 268603 and Check No. 00570505 in the amount of \$108,000 for the annual payment was made on 11/18/05 for internet services from November 1, 2005 to October 31, 2006.

We are very concern with the breach of contract as he did not give us 30 days written notice or any type of notification, as required by the contract. We are also very concerned that the disconnection is isolated to only the Central Administration (Window Rock Office) site.

Pursuant to Modification 6 of C22243, network management services and first level support were designed into the contract in the amount of \$318,240 per annum, paid quarterly in the amount of \$79,560. Modification 7 of the contract extended the network management services until October 31, 2006. We did a payment for \$79,560 for the 1st Quarter (Nov – Jan) and processed the 2nd Quarter (Feb – Apr) payment as well. OnSat's rationale for suspending services is the non-payment of this portion of the Network Management Service & First Level Support, This service is completely separate from internet connectivity and services.

The Department of Early Childhood Development (formerly known as Head Start) is requesting legal intervention with Mr. Dave Stephens, CEO, OnSat Network Communications, Inc. on this unacceptable action, restoration of internet connectivity/services and notification that he is in breach of contract with the Navajo Nation. This may have financial implications for Mr. Dave Stephens as this is a unit based contract.

cc: Leland Leonard, Executive Director, DODE
Lavina Barton, Asst. Dept Mgr, DECD
Arlene Logg, Principal Accountant, DECD
Leo Morgan, Senior Contract Analyst, DECD
File.