

1 Q. And --
 2 A. Looking at opportunities to advance
 3 the use of technology.
 4 Q. Understood. And how long did you do
 5 that for?
 6 A. With MetLife, probably four years.
 7 Q. Okay. And how about after that?
 8 A. MetLife transferred me here to
 9 Chicago.
 10 Q. Okay. In those four years?
 11 A. Yes.
 12 Q. Okay.
 13 A. I then left MetLife and went to work
 14 for Pepsi America -- or at that time it was
 15 Pepsi General Bottlers.
 16 Q. And what did you do for Pepsi
 17 General Bottlers?
 18 A. I was director of technical
 19 education.
 20 Q. And what did that job require you to
 21 do? What were your duties?
 22 A. Develop and identify any gaps in the
 23 use of technology to make the organization more
 24 productive.

Page 17

1 just as you stated, you didn't enjoy the
 2 position?
 3 A. No. My passion is in sales, so it
 4 was time to start to get back selling.
 5 Q. How did you learn about the position
 6 with Net56?
 7 A. One of the job boards. It could
 8 have been Monster. It could have been Career
 9 Builder.
 10 Q. Was the company called Net56 when
 11 you first started working for it?
 12 A. Yes, it was.
 13 Q. And I assume you went in for an
 14 interview?
 15 A. Correct.
 16 Q. Who was it that you interviewed
 17 with?
 18 A. Susan Waller was my first interview.
 19 Q. Okay. And then did you have a
 20 second?
 21 A. Yes.
 22 Q. Who was that with?
 23 A. Susan and Bruce Koch.
 24 Q. K-o-c-h, correct?

Page 19

1 Q. Okay. How long did you do that for?
 2 A. Up until I would say February of
 3 2003.
 4 Q. Okay. So then we've got a little
 5 bit of gap between February of 2003 and October
 6 of 2003 when you started for Net56?
 7 A. Correct. I was working as a project
 8 manager for Sears. Decided that project
 9 management wasn't my gig.
 10 Q. What does a project manager do -- or
 11 what did you do as a project manager I guess I
 12 should say?
 13 A. I was responsible for the deployment
 14 of their technology use for the repair service
 15 for Sears.
 16 Q. Okay. Did you work out of their
 17 location in Hoffman Estates?
 18 A. Yes, I did.
 19 Q. Okay. Why was it that you left
 20 Pepsi General Bottlers?
 21 A. Too much traveling.
 22 Q. Okay. And how about MetLife?
 23 A. Opportunity at Pepsi.
 24 Q. And then you left Sears because,

Page 18

1 A. Yes.
 2 Q. And Waller is W-a-l-l-e-r?
 3 A. Sounds right.
 4 Q. Okay. So then getting back to your
 5 job duties with Net56 prospecting and developing
 6 sales, how is it that you go about doing that?
 7 A. Considering that our largest
 8 vertical is education, I spent a great deal of
 9 time working off association lists --
 10 Q. Okay.
 11 A. -- such as the Illinois Association
 12 of School Administrators, Illinois Association
 13 of Business Officials, trade shows.
 14 Q. Do you attend trade shows?
 15 A. Yes.
 16 Q. Okay. And it seems your focus is to
 17 target your sales towards school districts?
 18 A. At this point in time, that's been
 19 our primary focus. We do sell to corporations,
 20 but that vertical is not as large as the
 21 education.
 22 Q. As far as then -- well, strike that.
 23 Do you do any -- do you ever do
 24 any type of research on, I don't know,

Page 20

1 government websites or any types of other
 2 publications that would identify school
 3 districts looking for bids?
 4 A. One process is the USAC website for
 5 E-Rate which does allow at one period of every
 6 school year -- or of every calendar year lists
 7 opportunities for sales.
 8 Q. Okay. Any other services like USAC?
 9 A. No, not that I can think of.
 10 Q. Okay. Do you also sell to
 11 corporations, or is your entire focus in your
 12 sales to school districts?
 13 A. My focus is sales of Net56 services
 14 regardless of the vertical.
 15 Q. So it doesn't matter if it's a
 16 corporation or a school district?
 17 A. No.
 18 Q. And how is it that you learn about
 19 corporations looking for potential Net56
 20 services?
 21 A. Typically, it's more -- at this
 22 point in time, it's more word of mouth. Not
 23 doing an extensive amount of prospecting in that
 24 arena.

Page 21

1 Q. And what is it that Net56 sells?
 2 A. Managed services for technology.
 3 Q. What do you mean by that?
 4 A. Lack of a better term, it's really
 5 an outsourced environment that brings Net56 in
 6 as the technology department for organizations.
 7 It can be a range of network WAN implementation
 8 into WAN management, help desk, on-site support,
 9 desk side support, application development,
 10 application hosting.
 11 Q. Okay. So really the entire gambit
 12 essentially of what information technology could
 13 be?
 14 A. Correct.
 15 Q. From putting the computer on
 16 somebody's desktop to getting an Internet
 17 connection so that they can search the World
 18 Wide Web, true?
 19 A. Correct.
 20 Q. And any software or things like that
 21 also that that particular user would need?
 22 A. We would load the software. We
 23 would install the software. We validate that it
 24 works. We necessarily did not purchase or

Page 22

1 resell the software to our customers.
 2 Q. Okay. Does Net56 create software --
 3 A. Yes.
 4 Q. -- write software?
 5 What type of software do they
 6 write?
 7 A. Let's go back to the word create
 8 software.
 9 Q. Okay.
 10 A. My answer to that would be, no, not
 11 since I've been there.
 12 Q. Okay.
 13 A. We use software applications that
 14 modify those to meet a customer's needs.
 15 Q. Particular needs?
 16 A. Yes. But often we do not write or
 17 create software.
 18 Q. Okay. Net56 will install all the
 19 servers?
 20 A. We will install the physical server
 21 as well as the software that goes on that
 22 server.
 23 Q. Will you also install the --
 24 whatever data lines are necessary between the

Page 23

1 server and both -- I guess outside of the system
 2 and inside?
 3 A. We do not pull cables if that's what
 4 you're asking me.
 5 Q. All right.
 6 A. We will manage the cables that have
 7 been installed, but we do not pull cables.
 8 Q. Okay. Now, as far as your job duty
 9 is concerned in regards to customer relations
 10 and management, what types of things does that
 11 require you to do?
 12 A. To basically work with, in most
 13 cases it would be the executive team with our
 14 current customer, identify future needs, make
 15 sure their current needs are being met.
 16 Q. What's the executive team?
 17 A. Could be the director of technology
 18 up through -- in a school district, it could be
 19 the director of technology all the way up
 20 through superintendent.
 21 Q. So you weren't talking about an
 22 executive team within Net56; you were talking
 23 about at a school district? I just want to make
 24 sure --

Page 24

1 A. Your question, if I didn't
 2 misunderstand it, was my role as customer
 3 management and customer relations with the
 4 client?
 5 Q. Right.
 6 A. So I tried to answer that question.
 7 Q. Okay. So you'll have discussions
 8 with the executive team or whoever is in charge
 9 of the technology services essentially
 10 overseeing the technology services?
 11 A. At the customer, yes.
 12 Q. Okay. For the customer. Discussing
 13 things such as future needs and current needs?
 14 A. Correct.
 15 Q. Does this also include potentially
 16 filling out forms and documents for the school
 17 district to get reimbursed through USAC and
 18 E-Rate?
 19 A. No, not filling out forms. It may
 20 at times require that I advise or coach, but as
 21 far as filling out forms, no.
 22 Q. Okay. Have you ever filled out
 23 forms in your job with Net56?
 24 A. I'm not sure what kind of forms

Page 25

1 Q. Do you ever get involved with
 2 answering questions that might be put to one of
 3 your clients from USAC regarding services that
 4 they are attempting to get E-Rate reimbursement
 5 for?
 6 A. Yes.
 7 Q. Do you in your position ever have
 8 direct contact in those situations with USAC?
 9 A. I'm not sure I understand the
 10 question.
 11 Q. Will you talk to people that are
 12 employed by or represent USAC directly?
 13 A. I have, yes.
 14 Q. Okay. Is that uncommon?
 15 A. In the scenario where I correspond
 16 with USAC, no, it's not uncommon.
 17 Q. Have you kept any personal records
 18 or notes regarding any of your work with
 19 District 6?
 20 A. No.
 21 Q. You haven't maintained any diaries
 22 or anything like that?
 23 A. No.
 24 Q. You do anything in your day-to-day

Page 27

1 you're asking.
 2 Q. Well, I understand that USAC has a
 3 number of forms that go towards E-Rate --
 4 A. Um-hmm.
 5 Q. -- right?
 6 That's a yes?
 7 A. Yes, yes.
 8 Q. Okay. And I'm specifically
 9 referring to those types of forms. What are
 10 some of the numbers of those forms?
 11 There's like 470 forms, true?
 12 A. There is a 470 form.
 13 Q. And 471 form?
 14 A. Correct.
 15 Q. 474s, true?
 16 A. Correct.
 17 Q. 472s I think, also?
 18 A. I'm not familiar with a 472.
 19 Q. Okay. But regardless, there are
 20 forms such as those. Have you ever filled those
 21 forms out in your --
 22 A. No.
 23 Q. -- time with Net56?
 24 A. No.

Page 26

1 job as a salesperson for Net56 to keep track of
 2 conversations that you had with individuals?
 3 A. No, I don't.
 4 Q. When was the first time that you
 5 ever remember hearing of the terms E-Rate or
 6 USAC?
 7 A. I would -- I would say it would
 8 probably have been maybe around 2004. Maybe my
 9 second year with Net56.
 10 Q. Okay. Do you know why it was that
 11 it came up in your second year with Net56?
 12 A. I really can't recall.
 13 Q. Who was the individual that first
 14 told you about E-Rate or USAC?
 15 A. That I don't know. It may have
 16 been -- and now I'm really kind of speculating
 17 at this point in time, but I may have heard it
 18 from a district, and then I started doing some
 19 research on my own into what services were
 20 eligible under this format.
 21 Q. In this introductory period of time,
 22 2004, when you're learning about E-Rate, did you
 23 ever have any conversations with Bruce -- I'm
 24 sorry. How do you say his name?

Page 28

7 (Pages 25 to 28)

1 A. Koch.
 2 Q. Koch. Like Mayor Koch. Did you
 3 ever have any conversations with Bruce Koch
 4 about E-Rate or USAC in this introductory time?
 5 A. Yes.
 6 Q. Okay. What types of conversations
 7 did you have with him?
 8 A. Again, not being able to recall in
 9 detail, I believe the conversations were
 10 around -- as I did research into the USAC list
 11 of eligible services, there are a number of
 12 services that we provide to our customer that
 13 are eligible which no one has filed for in the
 14 past.
 15 Q. Okay. And did you see an
 16 opportunity with the E-Rate and USAC to help
 17 your clients in getting reimbursement for some
 18 of the money they were spending?
 19 A. Actually, no. I saw the eligible
 20 service list in USAC as a sales opportunity for
 21 customers we haven't worked with yet.
 22 Q. Okay. Explain that to me.
 23 A. There are a number of eligible
 24 services within the USAC environment that a

Page 29

1 Q. Do you still have any of those
 2 manuals or books?
 3 A. The manuals were web-based, online,
 4 so I never printed them.
 5 Q. When you went to the seminar, they
 6 didn't hand you a packet of anything?
 7 A. They asked if you wanted one or did
 8 you want to use the online references, and I
 9 didn't want to carry paper around.
 10 Q. Okay. What are those online
 11 references?
 12 A. It would be the eligible services
 13 list. It would be all the documentation and
 14 training information they have on the different
 15 phases of the USAC cycle.
 16 Q. Did you read all of those documents?
 17 A. Not every one, no.
 18 Q. Over the course of your time now
 19 with E-Rate and USAC since your first
 20 introduction in 2004 -- it's now 2011 -- do you
 21 think at this point in time you've read all of
 22 those documents?
 23 A. No.
 24 Q. Obviously, the eligible services is

Page 31

1 managed service provider like ourselves at Net56
 2 offer that are E-Rate eligible.
 3 Q. So my question, though, is more --
 4 essentially what you saw when you learned about
 5 this E-Rate and USAC was another opportunity,
 6 another way that you could sell services to
 7 potential school districts?
 8 A. Correct.
 9 Q. Okay. It would be part of your --
 10 would you agree that E-Rate and USAC was part of
 11 Net56's marketing plan to school districts?
 12 A. Yes.
 13 Q. Did you do -- did you take any type
 14 of training on E-Rate or USAC?
 15 A. I went to one training session.
 16 Q. When approximately was that?
 17 A. The fall of 2004.
 18 Q. Where was it done?
 19 A. Chicago.
 20 Q. Do you know who ran the session?
 21 A. USAC.
 22 Q. Did you receive any type of manuals
 23 or books?
 24 A. Yes.

Page 30

1 something you've reviewed?
 2 A. Correct.
 3 Q. What about were there any other
 4 specific ones that you remember?
 5 A. I would have spent a great deal of
 6 time and have spent a great deal of time
 7 understanding the 470 and the 471 and the
 8 eligible services.
 9 Q. What is a form 470?
 10 A. For lack of a better description,
 11 it's the district or school district or library
 12 request for proposal.
 13 Q. And how about a form 471?
 14 A. It's the customer's selection of a
 15 vendor.
 16 Q. Okay. Besides this particular USAC
 17 ran training in the fall of 2004, any other
 18 specific seminars or training?
 19 A. No.
 20 Q. Formal or informal?
 21 A. No.
 22 Q. Besides these documents that you say
 23 are online, did you do any other reading on
 24 USAC?

Page 32

1 A. Only off of their website.
 2 Q. Just what was on their website?
 3 A. Yes.
 4 Q. Are you in possession of any books
 5 or manuals in regards to E-Rate or USAC?
 6 A. No.
 7 Q. Who is the first school district
 8 that you -- that you then went and marketed
 9 providing E-Ratable services for?
 10 A. I can't recall who the first was.
 11 Q. Okay. How about what's the first
 12 one you sold?
 13 A. That would be Zion.
 14 Q. Were there other districts at that
 15 time that you were also marketing to?
 16 A. Yes.
 17 Q. What were they?
 18 A. I don't recall.
 19 Q. Okay. Is there some -- do you have
 20 any record of what they would be?
 21 A. No.
 22 Q. How is it that -- well, strike that.
 23 When you -- when you first go to
 24 a district, do you provide the district with
 Page 33

1 Oregon School District, Morrison School
 2 District, Harrison School District, Winfield
 3 School District, Queen Bee School District,
 4 NSSED.
 5 Q. N --
 6 A. -- S-S --
 7 Q. -- E-D?
 8 A. Yes.
 9 Q. Okay.
 10 A. And I might be missing one or two.
 11 Q. Are all these districts in Illinois?
 12 A. Yes, they are.
 13 Q. Do you provide any services to any
 14 districts outside of the State of Illinois?
 15 A. No.
 16 Q. Did you sell all of these districts?
 17 A. Yes.
 18 Q. Is there any other salespeople --
 19 A. No.
 20 Q. -- at Net56?
 21 A. No.
 22 Q. Okay. From the time that you first
 23 started until today's date?
 24 A. There have been others.
 Page 35

1 some type of written material?
 2 A. I would -- when I first visit with a
 3 district, they may get some of our marketing
 4 literature which is generic.
 5 Q. Okay.
 6 A. But I wouldn't start any type of
 7 presentation or formal document with them unless
 8 I was far enough in the sales cycle that I
 9 thought it warranted it.
 10 Q. Okay. So this is -- when was the
 11 Zion -- when did you first go to Zion?
 12 A. January of 2005.
 13 Q. Okay. In and around this same time,
 14 was there any other school districts that you
 15 took to the next level, that you gave them some
 16 type of paperwork that was not so generic?
 17 A. I don't think so, not in that time-
 18 frame.
 19 Q. Okay. What are some other districts
 20 that Net56 currently services?
 21 A. We currently service Deerfield 109,
 22 SEDOL, Wheeling -- do you want all of them?
 23 Q. Any that you remember.
 24 A. Posen-Robbins, Country Club Hills,
 Page 34

1 Q. Okay. Who are the others?
 2 A. There was a gentleman. I can't
 3 remember his last name, but his first name was
 4 Paul.
 5 Q. Okay. And when did Paul work for
 6 Net56, approximately?
 7 A. Three years ago.
 8 Q. Okay. For how long?
 9 A. A few months.
 10 Q. Anybody else?
 11 A. At one point, Don Robinson was
 12 performing sales responsibilities.
 13 Q. Okay. How long did he work as a
 14 salesman?
 15 A. Eight months.
 16 Q. Why did Paul leave?
 17 A. He wasn't selling.
 18 Q. Okay. And why did Don change out of
 19 sales?
 20 A. He was more suited for his current
 21 position which is operations.
 22 Q. What does that mean to be
 23 operations?
 24 A. He manages the day-to-day services
 Page 35

1 provided.
 2 Q. Does the Harrison School District
 3 receive E-Rate funding as far as you know?
 4 A. Yes. Well -- yes, yes.
 5 Q. Okay. When approximately did you
 6 sell to the Harrison School District?
 7 A. 2006.
 8 Q. How about Deerfield 109, do they
 9 receive E-Rate funding?
 10 A. Yes, they do.
 11 Q. When was it that you first sold
 12 them?
 13 A. I didn't sell them.
 14 Q. Who did?
 15 A. That was -- I can't answer that
 16 question. They were a customer before I
 17 started.
 18 Q. How about SEDOL, did you sell SEDOL?
 19 A. Yes.
 20 Q. And when was that?
 21 A. Two years ago, approximately.
 22 Q. Okay. Do they receive E-Rate
 23 funding?
 24 A. Yes.

Page 37

1 A. Haven't yet.
 2 Q. When did you sell them?
 3 A. April.
 4 Q. Are they going to apply for E-Rate?
 5 A. They did.
 6 Q. They did. The Morrison School
 7 District, did you sell them?
 8 A. Yes.
 9 Q. And do they receive E-Rate?
 10 A. No.
 11 Q. Have they applied?
 12 A. No.
 13 Q. Why not?
 14 A. Not selling them E-Ratable services.
 15 Q. You're selling them something else?
 16 A. Correct.
 17 Q. What are you selling them?
 18 A. We are selling them professional
 19 development and training and level 2 technology
 20 support.
 21 Q. What is level 2 technology support?
 22 A. A systems application engineer, a
 23 network engineer. They're just not E-Rate
 24 eligible services.

Page 39

1 Q. How about Wheeling?
 2 A. Yes.
 3 Q. And they receive E-Rate?
 4 A. Correct.
 5 Q. And when did you sell them?
 6 A. About the same time as SEDOL.
 7 Q. Okay. Posen-Robbins, did you sell
 8 them?
 9 A. Yes.
 10 Q. And do they receive E-Rate?
 11 A. Yes.
 12 Q. And when did you sell them?
 13 A. About four years ago.
 14 Q. Country Club Hills, did you sell
 15 them?
 16 A. Yes.
 17 Q. And do they receive E-Rate?
 18 A. Yes.
 19 Q. And when did you sell them?
 20 A. About five years ago.
 21 Q. The Oregon School District, did you
 22 sell them?
 23 A. Yes.
 24 Q. Do they receive E-Rate?

Page 38

1 Q. At any point in time, did you
 2 believe that such services would be E-Ratable?
 3 A. Which were you referring to?
 4 Q. The ones you were just talking about
 5 with Morrison.
 6 A. The product that was sold to them is
 7 not, and at this point in time, to my knowledge,
 8 will not be E-Rate eligible.
 9 Q. Did you -- did you believe it to be
 10 at some point prior?
 11 A. No, absolutely not.
 12 Q. The Winfield School District, did
 13 you sell them?
 14 A. Yes, I did.
 15 Q. Do they receive E-Rate?
 16 A. I guess I want to -- you're asking
 17 me specifically about E-Rate for Net56, correct?
 18 Q. Yes.
 19 A. Okay. No.
 20 Q. Obviously -- oh, I see what you're
 21 saying. There's all sorts of others --
 22 A. And before we go down this path, I
 23 - have no control over if they file for E-Rate or
 24 Net56 or anyone for their telecommunications,

Page 40

10 (Pages 37 to 40)

1 for their Internet access. Those are services
 2 we are not providing. I am not privy to whether
 3 or not they're filing.
 4 Q. I understand that, and I'm going
 5 to -- one other thing I want to say real quick.
 6 We started to talk over each other, and I did
 7 it. Okay. It's not your fault.
 8 During the course of the
 9 deposition, I just want -- it's just a reminder,
 10 let's try not to talk over each other. It makes
 11 it easier for the court reporter so she doesn't
 12 have to take two people at the same time.
 13 That's why I stopped talking immediately because
 14 I realized I was doing it.
 15 A. Okay.
 16 Q. Sorry I didn't give that warning
 17 before. All your answers so far was only in
 18 regards to Net56; is that true?
 19 A. True.
 20 Q. In regards to all the other school
 21 districts?
 22 A. Correct.
 23 Q. Okay. The Winfield School District,
 24 that receives E-Rate?

1 A. Correct.
 2 Q. Is the same thing true for Queen
 3 Bee?
 4 A. Correct.
 5 Q. Can you identify for me any other
 6 districts that you've had contact with where you
 7 tried to sell them Net56 services?
 8 A. There's been a lot.
 9 Q. Just any that you can remember.
 10 A. Calumet -- gosh, just about every
 11 district in Lake County and several in Cook
 12 County.
 13 Q. Besides Calumet School District, are
 14 there any other specific ones you can remember?
 15 A. Also, I just recently closed Morton
 16 Grove.
 17 Q. Okay. Have they received --
 18 A. No E-Rate services.
 19 Q. No E-Rate services. Any other
 20 districts you can remember that you've had any
 21 contact with in attempting to sell Net56
 22 services?
 23 A. Elk Grove. I'm just drawing a
 24 blank. Libertyville.

1 A. Not -- no.
 2 Q. Why not?
 3 A. Not selling those services.
 4 Q. Okay. Same thing as the Morrison
 5 School District?
 6 A. Correct.
 7 Q. What about Queen Bee?
 8 A. No E-Rate services.
 9 Q. And what is NSSSED?
 10 A. North Suburban Special Education
 11 District.
 12 Q. Do you -- did you sell them?
 13 A. Yes.
 14 Q. And do they receive E-Rate?
 15 A. Yes.
 16 Q. When did you sell them?
 17 A. Two years ago.
 18 Q. When did you sell the Queen Bee?
 19 A. January.
 20 Q. And how about Winfield?
 21 A. A month ago.
 22 Q. The Winfield School District, you
 23 said they're not -- you didn't sell them
 24 E-Ratable services, true?

1 Q. How about Winthrop Harbor?
 2 A. Not that I can recall.
 3 Q. Okay. How about -- how about
 4 McHenry 15?
 5 A. I have called these people. I've
 6 never gotten appointments.
 7 Q. Okay.
 8 A. And technically, when you ask me
 9 that question, I can't really say that it's an
 10 active attempt to sell the services.
 11 Q. Do you know, does Net56 maintain any
 12 type of lists or ways to retrieve which school
 13 districts marketing and promotional materials
 14 have been sent to?
 15 A. If an e-mail had gone out, there
 16 would be a trail of that.
 17 Q. Is that, generally speaking, how you
 18 forward those materials?
 19 A. Yes.
 20 Q. Through e-mail?
 21 And this would be an e-mail that
 22 you personally sent out?
 23 A. Correct.
 24 Q. Do you routinely go back and check

1 your sent e-mails to see if you've already
 2 contacted a particular school district?
 3 A. Occasionally.
 4 Q. That's so you can keep track, right?
 5 A. No.
 6 Q. Well, you don't want to double up,
 7 do you?
 8 A. Yes.
 9 Q. Oh, you do?
 10 A. Always.
 11 Q. How come?
 12 A. It's part of sales.
 13 Q. Okay.
 14 A. Frequent and often.
 15 Q. Keep going back?
 16 A. Yes. So therefore, I really don't
 17 track who I've contacted. I'm not worried about
 18 contacting them numerous times.
 19 Q. Okay. You wouldn't want to know if
 20 you've contacted a particular district before?
 21 A. I necessarily don't go back and
 22 look, no.
 23 Q. Or to see how long ago it was that
 24 you last contacted them?

Page 45

1 often discuss with you how -- how USAC and
 2 E-Rate work?
 3 A. Yes.
 4 Q. Some of the nuts and bolts of it?
 5 A. Yes.
 6 Q. And because they're curious I'm sure
 7 about how they would get reimbursed, true?
 8 A. Correct.
 9 Q. What's your understanding as to the
 10 different reimbursement methods for USAC?
 11 A. My understanding is that on the
 12 reimbursement side there's two ways. One is a
 13 reimbursement to the district, and one is a
 14 reimbursement to the vendor.
 15 Q. What's the situation where there
 16 would be a reimbursement directly to the
 17 district?
 18 A. It would be where a district paid
 19 for all of the services rather than the vendor
 20 billing for just the eligible.
 21 Q. Is that called something in USAC
 22 vernacular?
 23 A. Referred to as the BEAR.
 24 Q. And then the reimbursement to the

Page 47

1 A. No.
 2 Q. Regardless, though, those e-mails
 3 are still maintained?
 4 A. I would believe they're in -- yes.
 5 Q. Okay. And that would be true for
 6 all the way back until 2004, 2005?
 7 A. If I was e-mailing at that time,
 8 yes.
 9 Q. How else would you have been
 10 contacting at that time?
 11 A. It possibly could have been a phone
 12 call and mailing something.
 13 Q. And if you had mailed something, is
 14 there any way to -- do you have any way to track
 15 that?
 16 A. No.
 17 Q. You haven't kept -- you don't keep a
 18 copy of the mail --
 19 A. I do not use a customer relationship
 20 management database.
 21 Q. And you wouldn't keep a copy of the
 22 mailings that you had sent them?
 23 A. No.
 24 Q. Do clients or potential clients

Page 46

1 vendor, how does that work? When would that be?
 2 A. That would be -- are you asking me
 3 what the acronym is from USAC?
 4 Q. No. What's the -- I'm sorry. That
 5 was a bad question by me. In regards to the
 6 reimbursement where reimbursement goes directly
 7 to the vendor, when is it that situation?
 8 A. When the -- when the school district
 9 only pays their E-Rate portion.
 10 Q. Okay. Is that called something?
 11 A. The acronym from USAC?
 12 Q. Yes.
 13 A. SPI.
 14 Q. Within Net56 and the districts that
 15 you sell that are receiving E-Rate, can you give
 16 me a percentage as to which ones are -- what is
 17 SPI and what is BEAR of those districts?
 18 Do you understand the question?
 19 A. Yes.
 20 Q. Because I wasn't sure I understood
 21 it after I asked it, so ...
 22 A. Can you flip back to that list I
 23 gave you?
 24 Q. You're reading my notes? I could

Page 48

1 walk through it. Would that be easier maybe?
 2 A. No. Of the list there, I would say
 3 100 percent are SPI.
 4 Q. Has Net56 ever worked in an
 5 environment where it was BEAR?
 6 A. Yes.
 7 Q. Okay. Zion Elementary District 6
 8 was one of those?
 9 A. No.
 10 Q. At any point in time, was Zion BEAR?
 11 A. Are you asking me were they invoiced
 12 BEAR, or was the arrangement BEAR?
 13 Q. Is there a difference?
 14 A. Yes.
 15 Q. What's the difference?
 16 A. The way someone files the invoicing.
 17 It could be filed incorrectly.
 18 Q. It could be filed incorrectly, what
 19 do you mean by that?
 20 A. In many instances outside of even
 21 Net56, many districts and many E-Rate
 22 consultants are so familiar with the BEAR
 23 environment that they'll invoice in that method
 24 knowing that the money will be distributed
 Page 49

1 A. Two contracts.
 2 Q. Two contracts?
 3 A. Yes.
 4 Q. And those contracts were for a
 5 certain amount of money, true?
 6 A. Correct.
 7 Q. And my understanding is Net56 then
 8 passed those contracts on along to Millennium
 9 Financing or Leasing or something like that in
 10 at least one of the cases, one of the contracts?
 11 A. I can't -- I don't have -- I
 12 negotiated with Zion. I don't have control over
 13 what's done with the contracts.
 14 Q. Okay. Regardless, Zion then was
 15 paying monthly fees, true?
 16 A. Correct.
 17 Q. They were invoiced, and they would
 18 pay a monthly fee?
 19 A. Correct.
 20 Q. And are you saying that they were
 21 paying something less than -- or strike that.
 22 What did that monthly fee
 23 represent?
 24 A. It represented services that Net56
 Page 51

1 correctly.
 2 Q. And I want to make sure that I'm
 3 clear as I go forward here. At any point in
 4 time, was Zion District 6, well, first of all,
 5 invoiced as BEAR?
 6 A. You're asking me at any point in
 7 time was Zion's invoicing in the BEAR method?
 8 Q. Yes.
 9 A. Yes, it was.
 10 Q. Are you saying they should not have
 11 been?
 12 A. That's my belief.
 13 Q. Okay. They should have been
 14 invoicing in the SPI method?
 15 A. Correct.
 16 Q. Because they were only paying some
 17 portion, only the portion that was not
 18 E-Ratable?
 19 A. There were -- I am not sure how to
 20 answer that question. I'm not sure I understand
 21 the question.
 22 Q. Okay. Well, let me ask you this:
 23 Net56 eventually sold a contract to Zion
 24 District 6, true?
 Page 50

1 provided.
 2 Q. Okay. Was that all the services
 3 Net56 provided or only the non-E-ratable
 4 services that Net56 provided?
 5 MR. BARTLETT: Could I just -- is this for
 6 both contracts or one contract?
 7 BY MR. KOLODZIEJ:
 8 Q. Let's talk about the first contract
 9 first.
 10 A. We're talking about the 2005
 11 contract?
 12 Q. Yes.
 13 A. That contract was both E-Rate and
 14 not E-Rate eligible services.
 15 Q. Okay. So my question again, though,
 16 was, when they were paying the money they were
 17 paying, were they only paying for the E-Rate --
 18 or the non-E-ratable eligible services?
 19 A. No.
 20 Q. They were paying for both?
 21 A. Correct.
 22 Q. Okay. So that would be then a
 23 situation where it would be proper to invoice
 24 under the BEAR method, true?
 Page 52

1 A. Yes.
 2 Q. Is it true in the BEAR method in
 3 regards to USAC and E-Rate that the -- that the
 4 check will be forwarded from USAC first to the
 5 vendor?
 6 A. I believe that's the process, yes.
 7 Q. And then the vendor then forwards
 8 the check back to the district?
 9 A. I believe that's one method.
 10 Q. Under the BEAR method?
 11 A. Under the BEAR method. Under the
 12 BEAR method, there's also an option to apply
 13 credit rather than send a check.
 14 Q. What do you base that on?
 15 A. I don't base it on -- I --
 16 Q. Where do you get that information
 17 from?
 18 A. It's on USAC's website.
 19 Q. Okay. Do you know where on their
 20 website it is?
 21 A. There's a flow chart that outlines
 22 the invoicing processes.
 23 Q. Have you ever reviewed the form for
 24 BEAR reimbursement?

Page 53

1 Q. Okay. And what about the second
 2 part of that, that the reimbursement must be
 3 forwarded prior to the vendor using it to credit
 4 for any other services?
 5 A. Don't know about that. That's the
 6 first time I've heard that.
 7 Q. Okay. So it would surprise you if
 8 it was in a form or if it was a federal
 9 regulation or anything like that?
 10 A. I don't know that I would be
 11 surprised. I've just never heard that.
 12 Q. Okay. In regards to any other
 13 districts besides Zion District 6, has Net56
 14 ever worked in an environment where the
 15 invoicing for E-Rate was being done under the
 16 BEAR method?
 17 A. Deerfield.
 18 Q. Any others besides Deerfield?
 19 A. No. That was a no.
 20 Q. Net56 is still currently involved
 21 with providing services to Deerfield?
 22 A. Correct.
 23 Q. Is there a contract that's currently
 24 in place?

Page 55

1 A. I've seen it. I can't say that I've
 2 actually reviewed it.
 3 Q. Okay. Do you know if there's any
 4 statement on that form about the money being
 5 forwarded from the vendor to the district within
 6 a certain period of time?
 7 A. On the form, no, I can't say that I
 8 see that -- I've seen that.
 9 Q. Do you know if there's anything that
 10 states that it must be provided to the -- that
 11 the vendor must forward the check to the
 12 districts prior to even applying the money to
 13 anything else?
 14 A. I don't know that, no.
 15 Q. Okay. Would that surprise you if
 16 those things were on that form?
 17 A. I don't know that I -- again, I
 18 have -- I can't recollect it being on the form.
 19 Q. Okay. Have you ever heard that
 20 before? Whether it's on the form or not, have
 21 you ever heard those things before?
 22 A. I have heard that if one method was
 23 to be a check there was some verbiage around a
 24 time frame, yes.

Page 54

1 A. Yes.
 2 Q. Do you know when that contract
 3 expires?
 4 A. No.
 5 Q. I'm sure somebody at Net56 does know
 6 that?
 7 A. Yes.
 8 Q. Okay. Are they -- but they're
 9 not -- are they currently operating under the
 10 BEAR method?
 11 A. No.
 12 Q. They're currently operating under
 13 SPI?
 14 A. Correct.
 15 Q. When was it that they switched from
 16 BEAR to SPI?
 17 A. This upcoming E-Rate season.
 18 Q. So all prior times they were working
 19 under --
 20 A. BEAR.
 21 Q. Okay. Who would be the person at
 22 Net56 that would be in charge of making sure
 23 that a check from USAC is forwarded to the
 24 district in the proper amount of time?

Page 56

1 A. That would be Mr. Koch.
 2 Q. Is there -- does Net56 have an
 3 accounting department?
 4 A. Yes.
 5 Q. I don't know that I asked this
 6 before. How many people does Net56 currently
 7 employ?
 8 A. This is an estimate. About 35.
 9 Q. When you came on with Net56, how
 10 many people did it employ?
 11 A. A dozen.
 12 Q. So it's grown since --
 13 A. Yes.
 14 Q. -- you became involved with the
 15 company?
 16 A. Yes.
 17 Q. Is there a head of the accounting
 18 department?
 19 A. Yes.
 20 Q. Who is that?
 21 A. Quin Kowalski.
 22 Q. K-o-w-a-l-s-k-i?
 23 A. I'm terrible with spelling. I'm not
 24 sure.

Page 57

1 A. No.
 2 Q. How about with Mr. Koch, have you
 3 ever had any discussions with him outside the
 4 presence of counsel -- I'm not asking you
 5 questions in the presence of counsel.
 6 Did you have any discussions with
 7 him about your deposition here today?
 8 A. Yes.
 9 Q. Okay. How many times?
 10 A. A couple of times.
 11 Q. And what did you talk about?
 12 A. My nerves.
 13 Q. Okay.
 14 A. I've never been through a
 15 deposition.
 16 Q. Anything else?
 17 A. No.
 18 Q. Did he express any thoughts to you?
 19 A. He gave me one word of advice, be
 20 truthful. That's more than one word, but ...
 21 Q. That's two. Do your job duties ever
 22 include you becoming involved in drafting
 23 technology plans for districts?
 24 A. Yes.

Page 59

1 Q. Did you have any conversations with
 2 Don Robinson about your -- about the deposition
 3 here today?
 4 A. Yes.
 5 Q. Okay. How many times have you
 6 talked about the deposition?
 7 A. Three times.
 8 Q. What did you talk about?
 9 MR. BARTLETT: Just for the record, I'm
 10 going to object to any conversations in the
 11 presence of counsel. Anything outside the
 12 presence of counsel, you can answer his
 13 question.
 14 THE WITNESS: It's primarily been with
 15 attorneys.
 16 BY MR. KOLODZIEJ:
 17 Q. Okay. Primarily, though, suggests
 18 that there were times when it was not with
 19 attorneys, true?
 20 A. Yes. We spoke this morning. He
 21 wished me luck.
 22 Q. Any other discussions with --
 23 A. No.
 24 Q. -- Mr. Robinson?

Page 58

1 Q. How often is that the case?
 2 A. Frequently.
 3 Q. What is a technology plan?
 4 A. It's a district's vision of their
 5 technology over a period of time. School
 6 districts are required to have a three-year
 7 technology plan that is approved and posted with
 8 the State of Illinois.
 9 Q. How did you learn about technology
 10 plans?
 11 A. By working with school districts.
 12 Q. Have you done any independent
 13 research on what a technology plan should look
 14 like?
 15 A. Yes.
 16 Q. And where did you go to find that
 17 information?
 18 A. Approved technology plans posted on
 19 other districts' websites.
 20 Q. Did you ever go to any types of
 21 training or seminars where it was discussed --
 22 whereby technology plans were discussed?
 23 A. Yes.
 24 Q. Okay.

Page 60

15 (Pages 57 to 60)

1 A. Lake County ROE, which is the
 2 Regional Office of Education.
 3 Q. Okay. How many times have you
 4 attended classes or seminars there?
 5 A. Once.
 6 Q. One time.
 7 A. I was asked to go by Zion District 6
 8 and represent them.
 9 Q. Did anybody from Zion go with you?
 10 A. Yes. Phyllis Gendelman.
 11 Q. You know, I want to back up for a
 12 second. That USAC training that you had in the
 13 fall of 2004 in Chicago --
 14 A. Correct.
 15 Q. -- did you attend that with any
 16 representatives of any school districts?
 17 A. No.
 18 Q. Okay. How would you describe the
 19 degree of your involvement in technology plans?
 20 You know, that's a terrible question. Let me
 21 ask it this way:
 22 In regards to your job duties in
 23 terms of percentages, how much of your time is
 24 spent working on technology plans for school

Page 61

1 districts?
 2 A. Total? 10 percent.
 3 Q. How long have you known Don
 4 Robinson?
 5 A. I met Don in January of 2005 in his
 6 role as the business manager at Zion.
 7 Q. You never met him before that time?
 8 A. No.
 9 Q. Okay. How about Bruce Koch -- I'm
 10 sorry -- Bruce Koch?
 11 A. October -- well, let me take that
 12 back. September of 2003 was the first time I
 13 ever met Bruce during the interview process.
 14 Q. At that point in time, when you
 15 started with Net56, what was your understanding
 16 as to how long the company had been in business?
 17 A. How long had it been called Net56?
 18 Q. Okay. We'll start there then.
 19 A. I believe it was around 1996.
 20 Q. That it first became Net56?
 21 A. Correct.
 22 Q. Was it something else before that?
 23 A. Yes. Koch Technologies.
 24 Q. Do you know how long Koch

Page 62

1 Technologies was in business before this?
 2 A. Only from the generic marketing
 3 material.
 4 Q. Okay. What does that say?
 5 A. '85. -
 6 Q. All right. Are you aware of Net56
 7 ever being the subject of any type of
 8 governmental investigation, whether local, state
 9 or federal?
 10 A. Investigation, no.
 11 Q. As far as you know, has Net56 ever
 12 been sanctioned in any way by any governmental
 13 agency either at the local, state or federal
 14 level?
 15 A. No. To my knowledge, no.
 16 Q. At some point in time, are you aware
 17 if USAC either did some type of investigation or
 18 targeted in some way all the districts that
 19 were -- that Net56 was servicing?
 20 A. USAC performed a compliance review.
 21 Q. Of all the districts?
 22 A. Of all the districts, yes.
 23 Q. Do you know which districts at that
 24 time were involved?

Page 63

1 A. All that were getting E-Rate and
 2 that were customers at that time.
 3 Q. Deerfield was one?
 4 A. Yes.
 5 Q. Can you think of any others?
 6 A. SEDOL, Harrison, Zion, Country Club,
 7 Posen-Robbins, NSSED.
 8 Q. Did USAC then provide some type of
 9 reporting in regards to the compliance review in
 10 regard to those districts?
 11 A. I'm not sure.
 12 Q. Okay. Do you know, was any type of
 13 documentation as a result of those -- that
 14 compliance review generated in regards to Zion,
 15 the Zion district?
 16 A. I believe there was a report.
 17 Q. Okay. Did you see it?
 18 A. Briefly.
 19 Q. Did you see such a report for
 20 Deerfield?
 21 A. I saw a couple of the reports. I
 22 did not see for every district, and I can't
 23 recall which ones I saw.
 24 Q. Were there similarities in the

Page 64

1 reports?
 2 A. The ones that I reviewed, yes.
 3 Q. What was the similarity?
 4 A. The one that I remembered seeing was
 5 they were questioning the cost-effectiveness,
 6 and that's really the biggest thing I remember
 7 as the similarity between them.
 8 Q. What was your understanding as to
 9 the issue of cost-effectiveness?
 10 A. That someone that was doing the
 11 reviewing had a subjective opinion.
 12 Q. Okay. In regards to what?
 13 A. Their opinion is that the cost might
 14 have been high for some of the services, but
 15 again, I believe it to be a subjective opinion.
 16 Q. Well, did Net56 ever retain anyone
 17 to provide or to do any research in regards to
 18 that subjective opinion or to formulate some
 19 other opinion?
 20 A. I believe we have.
 21 Q. Okay. Do you know who that was?
 22 A. I can't speak for the name of the
 23 firm. I'm not quite sure of the name of the
 24 firm.

Page 65

1 THE WITNESS: Again, I don't know the
 2 verbiage that was in there. It was -- I believe
 3 there is a belief that it was a subjective
 4 review and that an appeal process could overturn
 5 it.
 6 BY MR. KOLODZIEJ:
 7 Q. Okay. Was this document that you're
 8 referring to, was this a document written by an
 9 attorney or some third party?
 10 A. By an attorney.
 11 Q. Okay. This was an attorney that was
 12 retained by Net56?
 13 A. Yes.
 14 Q. Okay. So I'm going to step back for
 15 a second and make an assumption here that the
 16 attorneys probably aren't going to know about a
 17 lot of what you do with IT services and what the
 18 cost of those things would be. They're going to
 19 have to hire outside people, experts in the
 20 field.
 21 Did you ever see any expert
 22 reports in regards to cost-effectiveness
 23 generated by this firm or by Net56?
 24 A. No.

Page 67

1 Q. When you say firm, you're talking
 2 about a law firm or some other type of firm?
 3 A. A law firm.
 4 Q. Did you ever see some type of
 5 counter-opinion report generated?
 6 A. Once the compliance review started,
 7 a lot of these questions are really things
 8 Mr. Koch was handling. I was not involved in
 9 this.
 10 Q. Okay. I understand that. I'm just
 11 asking if you ever saw a report at any time that
 12 would have -- that outlined some other opinion
 13 other than the one you saw from USAC in regards
 14 to cost-effectiveness.
 15 MR. BARTLETT: I'm just going to object
 16 only to the extent the question asks for
 17 attorney-client opinions that were sent from a
 18 law firm to Mr. Koch or to Bill here.
 19 MR. KOLODZIEJ: Okay.
 20 MR. BARTLETT: You can answer his
 21 question, but don't -- just so we're clear, I
 22 don't want you revealing any attorney-client
 23 confidences that were exchanged from a law firm
 24 to you or Bill.

Page 66

1 Q. I'm going to review some names with
 2 you, and I just want -- I'm kind of curious as
 3 to, at this point at least, just who you've had
 4 contact with and who you haven't at Zion
 5 District 6 so that we understand. Okay? I'm
 6 not going to ask you right now about every
 7 contact you ever had with these people.
 8 I understand that your
 9 relationship with Net56, there was a lot of
 10 communication going back and forth; you'd agree
 11 with that?
 12 A. With Net56 and --
 13 Q. And Zion District 6.
 14 A. That's correct.
 15 Q. Okay. So it might be hard to
 16 isolate every single time you talked to somebody
 17 like, I don't know, Phyllis Gendelman or Tony
 18 DeMonte, true?
 19 A. Correct.
 20 Q. Okay. So right now all I'm trying
 21 to do is figure out just who you had contact
 22 with and who you haven't.
 23 Did you ever have contact with
 24 John Ahlgrim directly?

Page 68

1 A. Yes.
 2 Q. Did you ever have contact with
 3 Connie Collins directly?
 4 A. Not in her role in Zion.
 5 Q. Okay. In her role in some other
 6 school district?
 7 A. Yes.
 8 Q. And that's the Round Lake School
 9 District?
 10 A. Oak Park.
 11 Q. Oak Park. I'm sorry. Does Net56
 12 provide services to Round Lake?
 13 A. Yes. I forgot that one.
 14 Q. And are they operating under the SPI
 15 invoicing or the BEAR invoicing?
 16 A. SPI.
 17 Q. And did you sell that?
 18 A. Yes.
 19 Q. Okay. How long ago or when did
 20 Round Lake first start being a --
 21 A. Five years ago.
 22 Q. Okay.
 23 MR. BARTLETT: Let him finish his
 24 question.

Page 69

1 Q. What was that sales profile?
 2 A. Potentially a high E-Rate district
 3 that would be able to take advantage of the
 4 E-Rate eligible services to provide a better
 5 solution for the school district.
 6 Q. Okay. So how about Ronald Wynn, did
 7 you have direct contact with him?
 8 A. Yes.
 9 Q. Mike Anderson?
 10 A. Yes.
 11 Q. I know that you've had contact with
 12 Phyllis Gendelman, true?
 13 A. Correct.
 14 Q. And Tony DeMonte, true?
 15 A. Correct.
 16 Q. Obviously, you have contact now with
 17 Don Robinson, and he also was the first person
 18 you talked to at Zion District 6, true?
 19 A. Correct.
 20 Q. What about a Dora Gosse, G-o-s-s-e,
 21 or Goose?
 22 A. I'm not sure of the name.
 23 Q. Okay. How about Craig Bennett?
 24 A. Yes.

Page 71

1 BY MR. KOLODZIEJ:
 2 Q. Yeah. Now I have to clear it up.
 3 I'm sorry. How long ago was it that you first
 4 sold Net56 services to Round Lake, Round Lake
 5 School District?
 6 A. I'm not quite sure if the question
 7 is when did the contract start or when did we
 8 start talking to them.
 9 Q. Okay. When did the contract start?
 10 A. Approximately five years ago.
 11 Q. There was some period of time before
 12 that you first began talking to them?
 13 A. Correct.
 14 Q. Okay. How long did that period of
 15 time last?
 16 A. Two years.
 17 Q. Okay. Would you say that Round Lake
 18 was one of the first schools that you had --
 19 school districts you had contact with?
 20 A. Probably shortly after Zion, yes.
 21 Q. Okay. Was there something about
 22 Zion, the Zion School District, that caused you
 23 to contact them?
 24 A. It fit a sales profile.

Page 70

1 Q. And Ruth Davis?
 2 A. Yes.
 3 Q. And Donna Flammini?
 4 A. Yes.
 5 Q. Margie Taylor?
 6 A. Yes.
 7 Q. Alyce Martinez?
 8 A. Don't recognize the name.
 9 Q. Or Elsie Martinez? Maybe I said it
 10 wrong.
 11 A. Don't recognize the name.
 12 Q. Chris Thomas?
 13 A. Don't recognize that name.
 14 Q. Renee White?
 15 A. Don't recognize that name.
 16 Q. Okay. What about Al Rogers?
 17 A. No.
 18 Q. Rich Baker?
 19 A. Yes.
 20 Q. Barbara Gordon?
 21 A. Yes.
 22 Q. And Patrick Walsh?
 23 A. Yes.
 24 Q. Sergey Kovzik? Am I saying his name

Page 72

.18 (Pages 69 to 72)

1 right?
 2 A. I believe so.
 3 Q. Okay. He's currently an employee of
 4 Net56?
 5 A. Correct.
 6 Q. He was a former employee of Zion
 7 District 6?
 8 A. Yes.
 9 Q. What about Maurice Byrd, did you
 10 have contact with Maurice Byrd?
 11 A. Yes.
 12 Q. Mary Lamping?
 13 A. Yes.
 14 Q. Phil Hintz?
 15 A. Yes.
 16 Q. How about Jim Flanagan, does that
 17 name ring -- do you recognize that name?
 18 A. I recognize the name.
 19 Q. Okay. Not necessarily an employee
 20 of Zion 6?
 21 A. No, I don't believe so.
 22 Q. Okay. What do you remember him as
 23 being?
 24 A. A consultant.

Page 73

1 A. I would agree that it's more -- two
 2 documents or more.
 3 Q. It's actually three? Three?
 4 A. Possibly, yes.
 5 Q. Okay. And these are slides?
 6 A. PowerPoints, yes.
 7 Q. Okay. Did you draft all of what is
 8 contained in Exhibit 1?
 9 A. Yes.
 10 Q. Is this pretty common for you to do
 11 if you're going to give a presentation of some
 12 sort to a school district, to create some type
 13 of PowerPoint slide presentation?
 14 A. Depending on the customer's request,
 15 yes.
 16 Q. Okay. And I've got three here,
 17 three different presentations here. Do you know
 18 of any other such slide presentations that you
 19 gave to Zion District 6?
 20 A. I'm not sure if there was a total of
 21 three board presentations or more.
 22 Q. Okay. There could have been more?
 23 A. There could have been more.
 24 Q. It appears that the first

Page 75

1 Q. Okay. What about Jerry Steinberg?
 2 A. A consultant.
 3 Q. And Jane Kratochivil, do you
 4 recognize that name?
 5 A. I don't recognize that name.
 6 Q. Okay. You've already told me when
 7 the first contact was with District 6. Do you
 8 remember seeing a form 470 for District 6?
 9 A. There must have been.
 10 Q. Okay. Why do you say there must
 11 have been?
 12 A. Because the form 470 is kind of a
 13 sales list.
 14 (Whereupon, Exhibit 1 was marked
 15 for identification.)
 16 BY MR. KOLODZIEJ:
 17 Q. I'm going to show you what's been
 18 marked as Deposition Exhibit No. 1. Do you
 19 recognize that document? It consists of one,
 20 two, three, four, five, six pages. I guess it's
 21 actually two different documents.
 22 A. Yes.
 23 Q. Okay. You would agree with me also
 24 it's two different documents, true?

Page 74

1 presentation here is dated April 16th, 2007.
 2 You would agree with that? It starts on page
 3 172.
 4 A. Yes.
 5 Q. And you'll notice that on page 176,
 6 the next one would appear to be November 19th of
 7 2007?
 8 A. Yes.
 9 Q. And then on page 174, October 20th
 10 of 2008?
 11 A. Yes.
 12 Q. Okay. I want to talk about the
 13 April 16th, 2007 presentation. In those slides,
 14 there's a discussion with regards to bandwidth;
 15 is that true?
 16 A. Correct.
 17 Q. It gives a number of 6.8, true?
 18 A. Yes.
 19 Q. Can you explain to me what that
 20 means?
 21 A. It's -- 6.8 is the district's
 22 average use of Internet bandwidth.
 23 Q. What does that mean?
 24 A. It means what they're -- either it's

Page 76

1 a combination of reaching out to the Internet or
 2 pulling something down from the Internet.
 3 Q. Okay. Is the 6.8, is that megabytes
 4 then after it, MBs?
 5 A. Yes.
 6 Q. That's a representation then as to
 7 how much information is being pulled down?
 8 A. Or pushed out.
 9 Q. Okay. How is that measured?
 10 A. I'm not a technologist. I believe
 11 there's a monitoring environment that sits on
 12 the router.
 13 Q. Okay. Looking at those, I guess
 14 then that presentation had a total of seven
 15 slides, true?
 16 A. If they're all here, I would agree.
 17 Q. Okay. Do you for some reason think
 18 they're not all here?
 19 A. I don't think so, no, looking at
 20 what's on the paper.
 21 Q. Okay. Do you know, was there
 22 anybody else present at this presentation
 23 besides yourself for Net56?
 24 A. No.

Page 77

1 increase their Internet bandwidth?
 2 A. Printed on the slide, no.
 3 Q. And is there anything on the slides
 4 that indicates in the alternative, that the
 5 district needs to limit its Internet bandwidth
 6 or Internet usage?
 7 A. No.
 8 Q. Is there any discussion as to what
 9 it would cost on these slides to increase the
 10 Internet bandwidth usage?
 11 A. No.
 12 Q. You're pretty -- you're
 13 knowledgeable as to the way the school districts
 14 and the boards work, true?
 15 A. I don't know that I'd say I'm
 16 knowledgeable. I believe I have an opinion.
 17 Q. Okay. Let me ask it this way:
 18 You're aware that if there was going to need to
 19 be some type of increased cost or something like
 20 that in regards to Net56 services being provided
 21 to Zion District 6 that there would need to be
 22 some type of board resolution and a vote, true?
 23 A. I believe that my role as a vendor
 24 would be to discuss with the district's

Page 79

1 Q. And who do you remember this
 2 presentation being given to?
 3 A. This was to the school board.
 4 Q. And what was the purpose of the
 5 presentation?
 6 A. An update.
 7 Q. Okay. Is there anything -- do you
 8 see anything on this in these seven slides that
 9 would indicate that there was some necessity for
 10 the district to increase its Internet bandwidth?
 11 A. I believe at the time this was
 12 showing a district average that was above
 13 what -- what was in the original agreement.
 14 Q. Was that information in these seven
 15 slides?
 16 A. It might have been a talking point.
 17 Q. Is it in these slides?
 18 A. No.
 19 Q. Okay. Is there any discussion on
 20 the slides themselves of what the contract's
 21 bandwidth was?
 22 A. No.
 23 Q. Is there any discussion on the
 24 slides that suggests that they needed to

Page 78

1 administration the options that are available
 2 and what the cost would be. At that point in
 3 time, I don't know school board ethics and
 4 responsibilities beyond communicating with my --
 5 the team that I'm selling to.
 6 Q. Okay. This presentation was given
 7 to the board, though, true?
 8 A. This was an update given to the
 9 board, correct.
 10 Q. Okay.
 11 A. Under direction from the
 12 administration.
 13 Q. Who at the administration?
 14 A. At this time, it would have been
 15 Mr. Terhune and I believe Dr. Wynn and probably
 16 also Phyllis Gendelman.
 17 Q. Do you know if there was any type of
 18 engineering study done or anything like that to
 19 show that the district needed to upgrade their
 20 Internet bandwidth service?
 21 A. Engineering study?
 22 Q. Yes.
 23 A. No.
 24 Q. Any types of studies?

Page 80

1 A. Usage studies.
 2 Q. Is that a document?
 3 A. Charts would have been produced.
 4 Q. Charts, okay. Do you know if any
 5 were?
 6 A. I'm not sure if they were or if it
 7 was just a discussion.
 8 Q. Do you know if there was any -- ever
 9 any invoices created in regards to any
 10 additional charges that would have been
 11 necessary to increase the Internet bandwidth at
 12 Zion District 6?
 13 A. I know that I believe it was in
 14 funding year 2008 the district filed for
 15 additional Internet access via the E-Rate
 16 program.
 17 Q. And how did they do that?
 18 A. They posted a 470.
 19 Q. And what would this form 470 be
 20 requesting?
 21 A. Some type of bandwidth requirements.
 22 It could have been a number and greater. It
 23 could have been specifically asking. I'm not
 24 sure.

Page 81

1 MR. KOLODZIEJ: Can you read that question
 2 back?
 3 (Question read.)
 4 THE WITNESS: No.
 5 BY MR. KOLODZIEJ:
 6 Q. Would you be surprised if that was
 7 on a quote sheet from the time when this
 8 contract was being drafted?
 9 A. Yes.
 10 Q. Do you know how long the -- strike
 11 that.
 12 Can you explain for me what does
 13 it take to provide a 100 megabyte line?
 14 A. To get 100 megabit of Internet
 15 access, you need to have a pipe that is 100
 16 megabit capable.
 17 Q. Okay.
 18 A. In many cases, someone may have a
 19 pipe that's 100 meg capable, but they don't get
 20 100 megabyte of Internet access through it.
 21 It's very common for school districts in
 22 Illinois from a technology standpoint to go to
 23 their Internet service provider with a larger
 24 pipe than what they're entitled to get or are

Page 83

1 Q. Do you know if Net56 ever generated
 2 any invoice for increasing the Internet
 3 bandwidth to a 100 megabyte service?
 4 A. I don't -- I don't know. I don't
 5 believe so.
 6 Q. Was there any document that you know
 7 of that would have told the district how much
 8 such service would be charged?
 9 A. The E-Rate quote sheet that they
 10 signed.
 11 Q. Are you talking about the form 470?
 12 A. No.
 13 Q. What are you talking about?
 14 A. It would have been a quote sheet
 15 which outlined the E-Rate eligible services that
 16 Net56 provides.
 17 Q. Do you know of any materials being
 18 produced by Net56 telling the district in
 19 regards to their contract that they signed in
 20 February of 2005 that if at any point in time
 21 the Internet bandwidth usage should need to be
 22 increased that it could be increased all the way
 23 to 100 megabytes free of charge?
 24 A. Could you ask that again?

Page 82

1 receiving for Internet access.
 2 Q. When we're talking about a pipe, are
 3 we talking about something that's virtual, or is
 4 it an actual physical thing?
 5 A. It's a physical cable coming into
 6 the building.
 7 Q. Right.
 8 A. What a vendor like AT&T and Comcast
 9 do at some point, whether it's virtual or it's
 10 physical all the way, I can't answer that.
 11 Q. Okay. Is there -- to provide 100
 12 megabyte bandwidth, is there some type of added
 13 cost to Net56?
 14 A. To be able to provide 100 megabit
 15 steady access, yes.
 16 Q. Okay. What is that? What's that
 17 cost?
 18 A. I don't know the exact cost.
 19 Q. Okay. What's it represented by?
 20 What does it take?
 21 A. It takes us being able to buy more
 22 space on the Internet or get a bigger pipe via
 23 AT&T or Comcast. It requires us to increase our
 24 services.

Page 84

1 Q. And you don't know what the actual
 2 physical cost of that would be?
 3 A. No.
 4 Q. Okay. Do you know how long the --
 5 or strike that.
 6 Do you know when the first time
 7 was that 100 megabyte service would have been
 8 provided to Zion District 6?
 9 A. A guaranteed 100 megabit?
 10 Q. As opposed to what?
 11 A. Potentially spiking.
 12 Q. Okay. What does that mean?
 13 A. It means that there's going to be
 14 thresholds at some point in time where it allows
 15 people to spike, but not retain --
 16 Q. Okay.
 17 A. -- that bandwidth.
 18 Q. Okay. With the Internet bandwidth,
 19 this district averages 6.8. This would take
 20 into effect times when there was a spike, true?
 21 A. As an average, yes.
 22 Q. And I'm referring now to Exhibit 1
 23 where it says 6.8 megabytes. So when you say
 24 that a pipe is provided that allows for spiking
 Page 85

1 up to 100 megabits, the average for that
 2 particular pipe very likely could be higher than
 3 what initially might be stated as provided in
 4 the contract, true?
 5 A. I'm not sure I understand.
 6 Q. Okay. Do you know what the contract
 7 for Zion District 6 provided for as far as
 8 Internet bandwidth?
 9 A. I believe it was 4 megabit.
 10 Q. Okay. So do you believe that that
 11 contract provided for a pipe that was allowed to
 12 at times exceed that?
 13 A. Yes, I believe it was allowed to
 14 burst.
 15 Q. Up to 100 megabits?
 16 A. Only because that's the size of the
 17 pipe that Zion had, yes.
 18 Q. Okay. So in regards to a district
 19 average, a district could very well be within
 20 normal use, the 4 megabits or 4 and a half
 21 megabits, whatever it is that was provided under
 22 the contract, and still have an average that's
 23 above that, true?
 24 A. I would say, if the average is above
 Page 86

1 the 4, then they're steadily above the 4.
 2 Q. Why would -- and why exactly would
 3 the district need to have an increased 100
 4 megabit pipe?
 5 A. Because, in general, technology was
 6 becoming an educational tool, and to provide
 7 better service for their students in their
 8 classroom, the Internet is becoming a viable
 9 educational tool. It's going to constantly
 10 increase.
 11 Q. Okay. I'm not so much asking about
 12 the philosophy of it. I'm trying to figure out
 13 what the technical effect is.
 14 A. Then I guess I don't understand your
 15 question.
 16 Q. All right. Fair enough. As far as
 17 the district -- as far as Internet bandwidth,
 18 what's the benefit to the district if it's
 19 bigger?
 20 A. They will always get what's
 21 guaranteed to them.
 22 Q. Okay. So you're suggesting that a
 23 smaller pipe wouldn't necessarily get all the
 24 data to them?
 Page 87

1 A. Correct.
 2 Q. Okay. Or would it just be slower?
 3 A. Depending on the data that you're
 4 trying to request, it may fail, or it might be
 5 slower.
 6 Q. So do you know when they started
 7 receiving a full-time 100 megabit pipe at Zion?
 8 And when I say they, I'm talking about Zion.
 9 A. I understand. I'm not exactly sure
 10 of the date when it was turned on.
 11 Q. Okay. Is there anything that would
 12 indicate at Net56 what is the date that it was
 13 turned on?
 14 A. My recollection is that it was
 15 the -- it was part of the E-Rate process. I'm
 16 not -- again, I can't recall without looking at
 17 the filings of the quote sheets of what years it
 18 was turned on.
 19 Q. So are you saying that it would have
 20 been turned on at a certain -- like when the
 21 next filing period was for E-Rate?
 22 A. When it was eligible as a service,
 23 yes.
 24 Q. Is a 100 megabit pipe eligible as a
 Page 88

1 service under E-Rate?
 2 A. Is it?
 3 Q. Yes.
 4 A. Yes.
 5 Q. And was Zion District 6 being
 6 invoiced for that 100 megabit pipe?
 7 A. I don't know.
 8 Q. Who would be in charge of something
 9 like that at Net56?
 10 A. It would be a combination of Bruce
 11 and Quin.
 12 Q. Okay.
 13 (Whereupon, Exhibit 2 was marked
 14 for identification.)
 15 BY MR. KOLODZIEJ:
 16 Q. I'm showing you what I've marked as
 17 Exhibit No. 2. It appears that those are a
 18 couple of e-mails that -- well, I'm sorry.
 19 Strike that.
 20 It shows at the bottom of that
 21 page there one e-mail that you sent to a Gary
 22 Tarantino, true?
 23 A. Yes.
 24 Q. Who is Gary Tarantino?

Page 89

1 providing 100 megabit of Internet access for any
 2 district?
 3 A. No.
 4 Q. I want to go back to Exhibit No. 1
 5 if we could and turn to page 176 there. On that
 6 document, it shows some Net56 news, and it
 7 identifies that there's new contracts with
 8 Wheeling and Round Lake and Harrison School
 9 Districts, true?
 10 A. Yes.
 11 Q. They show the approximate dates of
 12 when those contracts were signed?
 13 A. Correct.
 14 Q. And it also identifies that there's
 15 a number of new districts currently in the sales
 16 cycle. Can you think of any other districts
 17 that that would have been referring to other
 18 than the ones we've already named?
 19 A. No.
 20 Q. Okay. You also indicate that there
 21 is a staff increase by 40 percent since 2007 or
 22 in 2007. What was that to mean?
 23 A. I don't recall what my point was
 24 there.

Page 91

1 A. He is a reviewer at USAC.
 2 Q. Okay. And the date of this e-mail
 3 is February 23, 2009?
 4 A. Yes.
 5 Q. Okay. Any reason to think that the
 6 date of that is not true?
 7 A. No.
 8 Q. Okay. You state in that e-mail
 9 that the district has been receiving 100
 10 megabits of Internet access for the past year
 11 which we had -- I assume that's supposed to be
 12 have been paying for, true?
 13 A. Yes.
 14 Q. Okay. You then ask for providing
 15 the same service to us for this FRN as you did
 16 for the one situation in Round Lake.
 17 What did you mean by that?
 18 A. That while under the compliance
 19 review, there were certain services we were
 20 providing that they did not see an issue with
 21 the cost-effectiveness.
 22 Q. Okay. Do you know if there was any
 23 issue ever raised at any point in time in
 24 regards to the cost-effectiveness of Net56?

Page 90

1 Q. Okay. So at this point in time,
 2 it's indicating that Net56 is getting to be a
 3 larger entity?
 4 A. Looking at this, yes, that was my
 5 point.
 6 Q. Okay. Was Zion used as an example
 7 school district by Net56 when shopping their
 8 services to other clients such as Wheeling,
 9 Round Lake and Harrison School Districts?
 10 A. Was Zion used as a reference?
 11 Q. As a reference or as an example
 12 school district.
 13 A. Yes.
 14 Q. Okay. Would that have been
 15 contained in like promotional materials?
 16 A. No.
 17 Q. How would that -- how would the fact
 18 that Zion School District 6 was a client of
 19 Net56 arise?
 20 A. During a sales call conversation.
 21 Q. You would just drop some different
 22 districts that Net56 is currently servicing?
 23 A. Yes.
 24 Q. Okay. Can you think of any point in

Page 92

1 time where Zion School District 6 was included
 2 in any marketing or reference materials provided
 3 by Net56 to potential sales?
 4 A. I can't. I don't -- I didn't write
 5 any marketing material for Net56.
 6 Q. Okay. Who writes the marketing
 7 material for Net56?
 8 A. It would have been Susan Waller.
 9 Q. But she's no longer with Net56?
 10 A. No.
 11 Q. Who is it currently?
 12 A. We haven't really updated any
 13 marketing material.
 14 Q. Okay. What was Susan Waller's role?
 15 A. Manager of business development.
 16 Q. In the past -- say, in the past two
 17 years, has the amount of employees that Net56
 18 currently has gone up, gone down, remained
 19 essentially the same?
 20 A. Essentially the same. Maybe gone up
 21 a couple.
 22 Q. Okay. Were you involved in the
 23 creation of the technology plan for District 6
 24 at any point in time?

Page 93

1 Q. Do you remember when that was?
 2 A. It was in the middle of our
 3 relationship, maybe year two or three.
 4 Technology plans are a three-year plan.
 5 Q. And as far as your level of
 6 involvement with Zion 6, in your experience, was
 7 your level of involvement higher than most
 8 districts, lower than most districts?
 9 A. Higher.
 10 Q. They were relying -- they were
 11 relying to a great deal on your assistance with
 12 the technology plan?
 13 A. Yes.
 14 Q. Was that pretty common in regards
 15 to, you know, most every technology issue with
 16 Zion 6, that they were relying to a great deal
 17 on the know-how and expertise of Net56?
 18 A. When appropriate, yes.
 19 Q. Okay.
 20 MR. BARTLETT: Could we go off the record?
 21 MR. KOLODZIEJ: Sure.
 22 (Break taken.)
 23 BY MR. KOLODZIEJ:
 24 Q. Would you agree with me that Rick

Page 95

1 A. Yes.
 2 Q. What did your involvement include?
 3 A. Planning.
 4 Q. What do you mean by that?
 5 A. Putting the committee together.
 6 Q. Okay. Anything else?
 7 A. Managing the breakout sessions.
 8 Q. Anything else?
 9 A. Help authoring sections of the
 10 technology plan, help develop the technology
 11 budget.
 12 Q. Anything else?
 13 A. Probably every phase of the plan.
 14 Q. And that's common for you to get
 15 that involved in the technology plan for your
 16 clients?
 17 A. It's common that I get involved in
 18 the plan. My involvement level depends on the
 19 capability of the customer's ability to finish
 20 it themselves.
 21 Q. And where would Zion -- well, how
 22 many technology plans were you involved in with
 23 them?
 24 A. One during that time period.

Page 94

1 Terhune was someone that you had a lot of
 2 contact with at District 6?
 3 A. I dealt a lot with Rick.
 4 Q. And that was in regards to -- would
 5 you agree with me also that was in regards to,
 6 you know, the relationship that -- strike that.
 7 Would you agree with me that was
 8 in regards to the E-Rate issues developing
 9 between Net56, Zion 6 and USAC?
 10 A. I would only agree that I had
 11 conversations with Rick. I wouldn't agree that
 12 I held the majority or all of that.
 13 Q. Okay. Would you agree with me that
 14 Rick Terhune would oftentimes look to you for
 15 assistance in regards to questions and so forth
 16 and issues that might arise with USAC and
 17 E-Rate?
 18 A. I can't speak for what Rick or who
 19 Rick contacted. Rick did contact me numerous
 20 times for advice.
 21 Q. For advice?
 22 A. But I can't say that I was his only
 23 source.
 24 Q. Okay. Would you agree with me that

Page 96

1 he contacted you -- I mean, it was not uncommon
 2 for him to contact you looking for help with
 3 E-rate and USAC, true?
 4 A. I don't understand what you mean by
 5 the word help.
 6 Q. Okay.
 7 (Whereupon, Exhibit 3 was marked
 8 for identification.)
 9 BY MR. KOLODZIEJ:
 10 Q. Showing you what's been marked now
 11 Deposition Exhibit No. 3. It's two pages, and
 12 they're both showing e-mails from Rick Terhune
 13 to yourself, true?
 14 A. Yes.
 15 Q. Okay. And it looks like they were
 16 sent within moments of each other, true?
 17 A. Yes.
 18 Q. Okay. One of them was at 1:46 in
 19 the afternoon on November 20th, and the other
 20 one was at 1:47 in the afternoon on November
 21 20th?
 22 A. Correct.
 23 Q. The subject was MAB E-rate
 24 additional information, true?

Page 97

1 that it wasn't uncommon for Rick Terhune to be
 2 requesting your help in dealing with USAC and
 3 E-Rate?
 4 A. It was not uncommon for Rick to
 5 contact me with questions about USAC.
 6 Q. Okay. He was relying on your
 7 expertise in dealing with them, true?
 8 MR. BARTLETT: Objection. Form. But you
 9 can answer his question.
 10 THE WITNESS: I'm sorry. Could you repeat
 11 the question?
 12 BY MR. KOLODZIEJ:
 13 Q. Would you agree with me that he was
 14 relying upon your expertise in dealing with USAC
 15 and E-Rate?
 16 A. He asked my opinion based on my
 17 knowledge. I would not consider myself an
 18 E-Rate expert.
 19 Q. Okay. Do you know what the role of
 20 an E-Rate consultant is?
 21 A. It would be someone that helps the
 22 district file their E-Rate requirements.
 23 Q. Is it common for you to be -- to
 24 have communications with E-Rate consultants?

Page 99

1 A. Yes.
 2 Q. Is that number in there, the 571040,
 3 does that look like an FRN number to you or some
 4 other type of number?
 5 A. It could be -- I don't know.
 6 Q. Okay. And then those e-mails,
 7 they're pretty simple. They just state help and
 8 double help, true?
 9 A. It's what he wrote.
 10 Q. Okay.
 11 (Whereupon, Exhibit 4 was marked
 12 for identification.)
 13 BY MR. KOLODZIEJ:
 14 Q. Showing you Exhibit 4 now. That is
 15 an e-mail from Mr. Terhune on September 26th,
 16 2007 to yourself, true?
 17 A. Yes.
 18 Q. And he's asking you, I'm somewhat
 19 concerned about the latest USAC request for
 20 information. Is this normal, or are we being
 21 scrutinized because of some possible deficiency,
 22 true?
 23 A. That's what he asked.
 24 Q. Okay. So would you agree with me

Page 98

1 A. Yes.
 2 Q. Do you ever -- at some point in
 3 time, Net -- District 6 began to go without an
 4 E-Rate consultant, true?
 5 A. That's correct.
 6 Q. Okay. Do you ever remember being
 7 asked about whether that was a good idea for the
 8 district to go without an E-Rate consultant?
 9 A. I'm not sure if I was asked that
 10 question.
 11 Q. Okay.
 12 (Whereupon, Exhibit 5 was marked
 13 for identification.)
 14 BY MR. KOLODZIEJ:
 15 Q. Showing you Exhibit No. 5. This is
 16 an e-mail from Rick Terhune to yourself, true?
 17 A. Yes.
 18 Q. Okay. And it's dated July 12th,
 19 2007, agreed?
 20 A. Yes.
 21 Q. Okay. And in that e-mail, Rick
 22 Terhune asks you if the district needed an
 23 E-Rate consultant, true?
 24 A. Yes.

Page 100

1 Q. Okay. Did you respond to this
 2 e-mail?
 3 A. Maybe in conversation. I'm not sure
 4 if I sent an e-mail to him.
 5 Q. Okay. It also indicates that he had
 6 talked with you about Net56 doing the
 7 applications; is that also true that it says
 8 that, first of all?
 9 A. It says that, yes.
 10 Q. Do you remember having a discussion
 11 with Mr. Terhune about Net56 doing the
 12 applications?
 13 A. If we did, I don't recall it.
 14 Q. Do you remember how -- do you
 15 remember any response that you gave to
 16 Mr. Terhune in regards to this?
 17 A. I would have informed him that we
 18 can't do the applications.
 19 Q. Do you remember informing him of
 20 that?
 21 A. I believe so.
 22 Q. Did you do that in writing or in a
 23 phone conversation?
 24 A. In a conversation.

Page 101

1 Q. What is AYP?
 2 A. They're not meeting the required
 3 grading that the state requires in reading, math
 4 and one other subject. I'm not quite sure.
 5 Q. And in this document, Phyllis
 6 Gendelman asks you, Is this something you do, or
 7 am I doing this one, true?
 8 A. Yes.
 9 Q. So were there various types of forms
 10 that you were doing other than E-Rate?
 11 A. The technology plan is a form, state
 12 form.
 13 Q. Okay. What's the difference between
 14 priority 1 and priority 2 funding for E-Rate?
 15 A. Priority 1 funding is the first wave
 16 of funding that USAC provides to school
 17 districts. It's primarily dealing with
 18 telecommunication, Internet access services.
 19 For lack of a better term, it's technology that
 20 is from your walls out.
 21 Q. And priority 2 then is walls in?
 22 A. Typically, for a simple -- for a
 23 simple explanation, yes.
 24 Q. That was good. That was actually

Page 103

1 Q. Do you contend that Net56 at no
 2 point in time was doing the applications for
 3 USAC to get E-Rate reimbursement for District 6?
 4 A. At no time did we post their E-Rate
 5 forms.
 6 Q. At any point in time, did you aid
 7 the district in filling out the forms?
 8 A. Yes.
 9 (Whereupon, Exhibit 6 was marked
 10 for identification.)
 11 BY MR. KOLODZIEJ:
 12 Q. Showing you what's been marked as
 13 Deposition Exhibit 6. That's an e-mail from
 14 Phyllis Gendelman to yourself, true?
 15 A. Yes.
 16 Q. Okay. In it she writes, I can't
 17 believe I forgot to give you the E-Rate stuff;
 18 is that true?
 19 A. It's what it says.
 20 Q. Okay. And then what is an E2T2
 21 grant?
 22 A. It's a state grant to offer
 23 technology funding to school districts for
 24 equipment that are not making AYP.

Page 102

1 helpful. At any point in time, did District 6
 2 receive any priority 2 funding?
 3 A. On Net56 services?
 4 Q. Yes.
 5 A. No.
 6 Q. Do you remember them ever requesting
 7 priority 2 funding on Net56 services?
 8 A. Yes.
 9 Q. Do you know why those -- why that
 10 funding was not made available to the district?
 11 A. No.
 12 Q. At any point in time, did you
 13 represent to the district that the district
 14 should be receiving priority 2 funding?
 15 A. No.
 16 Q. Okay. Or that they should
 17 anticipate it at all?
 18 A. No.
 19 Q. So if there's an e-mail that you
 20 wrote that says that, you would disagree with
 21 its validity?
 22 A. I would have never told the district
 23 that they should expect priority 2 funding.
 24 Q. Okay.

Page 104

1 (Whereupon, Exhibit 7 was marked
 2 for identification.)
 3 BY MR. KOLODZIEJ:
 4 Q. I show you what I've marked as
 5 Exhibit No. 7. That's an e-mail -- it's
 6 actually a string of e-mails, right?
 7 First, there's an e-mail there
 8 from Rick Terhune to you, and then below that is
 9 an e-mail from you to Rick that's quoted, true,
 10 written on August 15th of 2005?
 11 A. Um-hmm.
 12 Q. That's true?
 13 A. Yes.
 14 Q. Okay. And do you see down there
 15 there's a highlighted section that says,
 16 Priority Two Applications: We should get these
 17 based on last year's trends?
 18 A. Yes.
 19 Q. And you wrote that, true?
 20 A. Yes.
 21 Q. Were there any other clerks or
 22 anybody else at Net56 that would have been at
 23 all helping or assisting in any forms, any
 24 E-Rate forms, for District 6?

Page 105

1 A. Sounds right.
 2 Q. And there was a second contract,
 3 true?
 4 A. Correct.
 5 Q. And that was for a portal service?
 6 A. Yes.
 7 Q. Okay. And that contract was an
 8 additional \$14,000 a month or something like
 9 that?
 10 A. Sounds correct.
 11 Q. Okay. So in total, we're talking
 12 about -- well, strike that.
 13 Let me show you just real quickly
 14 here -- I guess I'm on No. 8.
 15 (Whereupon, Exhibit 8 was marked
 16 for identification.)
 17 BY MR. KOLODZIEJ:
 18 Q. Showing you what's been marked as
 19 Deposition Exhibit No. 8. Have you ever seen
 20 that document before, first of all?
 21 A. Last week.
 22 Q. Okay. This board action requested,
 23 your attorney showed it to you?
 24 A. Yes.

Page 107

1 A. I can't speak to that. I'm not
 2 sure.
 3 Q. Okay. Is there a possibility that
 4 there could be somebody else?
 5 A. Not sure.
 6 Q. Is there a short list of names you
 7 could give me that could have been involved?
 8 A. It could have been possibly Quin.
 9 Q. Okay. Anyone else?
 10 A. Not that I can think of.
 11 Q. At any point in time, did you make
 12 any indication when first contracting with
 13 District 6 for Net56 that all the services that
 14 Net56 was providing were E-Ratable?
 15 A. No.
 16 Q. Okay. Do you know if Don Robinson
 17 was representing such to the board?
 18 A. No.
 19 Q. There were two contracts, true?
 20 A. Yes.
 21 Q. The first one was in February 2005.
 22 That contract was essentially for -- the best
 23 way to talk about it may be \$30,000 per month.
 24 Does that sound right?

Page 106

1 Q. Okay. I don't want to know any
 2 conversations you had in regards with your
 3 attorneys. Okay?
 4 This document states that it was
 5 drafted by Don Robinson, true?
 6 A. It says from Don Robinson.
 7 Q. Okay. And in the third paragraph
 8 down, do you see that paragraph?
 9 A. What's it start with?
 10 Q. The contract has a.
 11 A. Okay. Yes.
 12 Q. Contract has a base price of \$29,000
 13 per month which nets to 2900 -- \$2,902.50 upon
 14 receipt of E-Rate funds.
 15 Do you see that?
 16 A. Yes, I do.
 17 Q. Did you provide Don Robinson with
 18 that information?
 19 A. The only number I provided Don
 20 Robinson with was the 29,025 per month.
 21 Q. At any point in time, did you
 22 represent to Don Robinson that the entire amount
 23 of that monthly contract price would be
 24 E-Ratable?

Page 108

1 A. Never.
 2 Q. Do you know where -- do you know
 3 where Don Robinson got this information?
 4 A. I have no idea.
 5 Q. Do you know -- do you know if Bruce
 6 Koch had any conversation with Don Robinson in
 7 regards to what was E-Ratable?
 8 A. I don't know that, no.
 9 (Whereupon, Exhibit 9 was marked
 10 for identification.)
 11 BY MR. KOLODZIEJ:
 12 Q. I show you what I've marked now as
 13 Deposition Exhibit No. 9. I understand that
 14 that's a document -- it appears to be produced
 15 by Net56. Would you agree with that?
 16 A. Yes.
 17 Q. Was a similar document to this done
 18 every year for Net56 and Zion 6?
 19 A. An Internet access quote was done
 20 yearly.
 21 Q. Yearly?
 22 A. Yes.
 23 Q. And this is a document that was --
 24 do you know who specifically at Net56 drafted

Page 109

1 A. Correct.
 2 Q. Do you know where Don Robinson got
 3 that information?
 4 A. I can't speak for Don.
 5 Q. Okay. Have you ever had a
 6 conversation with Don Robinson at any point in
 7 time where he explained where he got that number
 8 from?
 9 A. I can recall a conversation where he
 10 told me they have an E-Rate consultant, and this
 11 is a number that may have been provided to him
 12 via that.
 13 Q. In this document, in this Internet
 14 access quote, it indicates various prices for
 15 the -- for various parts of service, true?
 16 A. Yes.
 17 Q. And you identify that all those
 18 services would be to some degree E-Ratable,
 19 true?
 20 A. Yes.
 21 Q. That they were all eligible
 22 services?
 23 A. Correct.
 24 Q. That was not information that was

Page 111

1 this document?
 2 A. I did.
 3 Q. Okay. In the document you drafted,
 4 you indicate that there is -- there's an E-Rate
 5 discount at 90 percent, true?
 6 A. That was the information provided to
 7 me by the district.
 8 Q. That was what's written in this
 9 document, true?
 10 A. Based on what I was given from the
 11 district, yes.
 12 Q. Okay. I understand that. Okay.
 13 You wrote in this document that 90 percent --
 14 that the discount rate for E-Rate was 90
 15 percent, true?
 16 A. Yes.
 17 Q. Okay. You're telling me you got
 18 that information from somebody else?
 19 A. Correct.
 20 Q. Who did you get that information
 21 from?
 22 A. The district, Don Robinson.
 23 Q. Don Robinson gave you that
 24 information?

Page 110

1 given to you by Don Robinson, true?
 2 A. No.
 3 Q. That was information that you --
 4 that you came up with based on whatever source?
 5 A. Based on E-rate's eligible services
 6 list, these are the services which we provided
 7 that were eligible for E-Rate.
 8 Q. Now, do you know, did the district
 9 receive E-Rate funding for all of these
 10 services?
 11 A. I'm not 100 percent sure. I would
 12 have to look at what was funded during that time
 13 frame.
 14 Q. Do you know at any point --
 15 certainly you would agree with me by I think
 16 it's 2009 none of the -- USAC didn't provide any
 17 E-Rate funds for Zion District 6, true?
 18 A. I'm sorry. For which year?
 19 Q. For 2009.
 20 A. I'm not sure at what point in time
 21 it wasn't funded.
 22 Q. Okay. Did you ever see any
 23 discussion in regards to cost-effectiveness in
 24 regards to any of these services that were being

Page 112

1 provided by Net56?
 2 A. Only as part of the compliance
 3 review.
 4 Q. Okay. And that was involving those
 5 USAC denials, denial letters?
 6 A. It was part of the compliance
 7 review. I don't know if there was a denial
 8 letter as part of that.
 9 Q. Okay. I have -- I'm going to try to
 10 streamline some of this. I have documents that
 11 were drafted that indicate Net56 was an eligible
 12 service provider for E-Rate.
 13 Do you remember Net56 ever making
 14 that representation?
 15 A. That we're an eligible --
 16 Q. Eligible service provider for
 17 E-rate.
 18 A. That's correct.
 19 Q. What did it take to be an eligible
 20 service provider for E-Rate?
 21 A. I didn't file the forms. They were
 22 before I started with the company.
 23 Q. Okay. Net56 got some type of
 24 certification of some sort?

Page 113

1 worth approximately \$220,000 worth of check
 2 stubs, it would seem to me that during the
 3 course of their relationship with Net56 that
 4 Net56 received more than that in reimbursement
 5 from USAC, true?
 6 A. I don't know the total
 7 reimbursement.
 8 Q. Okay. So if I told you what the
 9 numbers are, you wouldn't be able to agree with
 10 me or not?
 11 A. No.
 12 Q. Okay. You would agree with me,
 13 though, that in 2009 there was no reimbursement
 14 to Zion District 6, true?
 15 A. I'm not sure about the year.
 16 Q. Okay. Would you agree with me
 17 that -- that Net56 has withheld some degree of
 18 that reimbursement from Zion 6?
 19 A. I don't know.
 20 Q. You don't have anything to do with
 21 any of that?
 22 A. I don't do -- I am sales.
 23 Q. Okay. Who would be -- who would
 24 know about that?

Page 115

1 A. I don't --
 2 Q. You don't know?
 3 A. I don't know.
 4 Q. Or you don't know if it's a license
 5 or what it is?
 6 A. I don't know what it is.
 7 Q. Okay. In regards to the
 8 reimbursements that occurred from USAC, you'd
 9 agree with me, first of all, that Zion
 10 District -- I think we covered this.
 11 Zion District 6 was paying a
 12 monthly fee that included both what was
 13 E-Ratable and what wasn't, true?
 14 A. Zion paid us for E-Rate and
 15 non-E-Rate eligible services.
 16 Q. Okay. And you would also agree with
 17 me that then E-Rate funding requests were made,
 18 and various checks at various times were sent on
 19 to Net56, true?
 20 A. I never saw any checks.
 21 Q. Okay. Do you know -- you know, I
 22 found -- in going through the production, I
 23 found that there was, you know, some check
 24 stubs. If I represented to you that they were

Page 114

1 A. Mr. Koch.
 2 Q. Okay. Anybody else?
 3 A. I'm sure accounting would know.
 4 Q. Okay. That would be Quin?
 5 A. Yes.
 6 Q. Okay. How does it -- I'm trying to
 7 figure out like the mechanics at Net56. So I
 8 mean, I understand your position. You sell the
 9 services.
 10 I'm sure that your clients, your
 11 customers, then are concerned about receiving
 12 their E-Rate funds, true?
 13 A. If they're due E-Rate funds, yes.
 14 Q. All right. And I'd imagine that
 15 oftentimes you're probably the primary contact
 16 for those -- for your clients, for your
 17 customers, true?
 18 A. Might be the first contact, yes.
 19 Q. It's not uncommon to contact you,
 20 and say, hey, where's my E-Rate funding by your
 21 various customers, true?
 22 A. Not very often. Most of our
 23 customers are SPI.
 24 Q. Okay. Okay. Let me ask you this:

Page 116