

TENNESSEE REGULATORY AUTHORITY

Sara Kyle, Chairman
Eddie Roberson, Director
Pat Miller, Director
Ron Jones, Director



REC'D
2007 APR 17 PM 1:17
460 James Robertson Parkway
Nashville, Tennessee 37243-0505
T.R.A. DOCKET ROOM

April 17, 2007

MEMORANDUM

To: Docket File

From: Carsie D. Mundy *CDM*
Chief-Consumer Services Division

Subject: *Alleged Violations of Tenn. Code Ann. § 65-4-401 et seq., Do-Not-Call Sales Solicitation Law, and Rules of Tennessee Regulatory Authority, Chapter 1220-4-11, by Telelytics, LLC d/b/a Debt Solutions*
Docket No. 07-00076

Attached for the file, is the signed settlement agreement in this Docket.

Attachments: 1

THE TENNESSEE REGULATORY AUTHORITY

AT NASHVILLE, TENNESSEE

IN RE:)	
	)	DOCKET NO. 07-00076
ALLEGED VIOLATIONS OF TENN.	)	DO-NOT-CALL T07-00015
CODE ANN. §65-4-401 <i>et seq.</i> , DO-NOT-	)	PROGRAM T07-00022
CALL SALES SOLICITATION LAW,	)	FILE NUMBERS T07-00023
AND RULES OF TENNESSEE	)	T07-00024
REGULATORY AUTHORITY, CHAPTER	)	T07-00025
1220-4-11, BY:	)	T07-00041
	)	T07-00044
TELELYTICS, LLC D/B/A DEBT	)	T07-00066
SOLUTIONS	)	T07-00090
)	

SETTLEMENT AGREEMENT

This Settlement Agreement has been entered into between the Consumer Services Division (“CSD”) of the Tennessee Regulatory Authority (“TRA”) and Telelytics, LLC d/b/a Debt Solutions (“Telelytics”) and is subject to the approval of the Directors of the TRA. Telelytics is telemarketing company located at 346 Fair Oaks Street, San Francisco, California.

This Settlement Agreement pertains to nine (9) separate complaints received by the CSD alleging that Telelytics violated the Tennessee Do-Not-Call Telephone Sales Solicitation law, TENN. CODE ANN. § 65-4-404, and TENN. COMP. R. & REGS. 1220-4-11.07(1), by knowingly making or causing to be made telephone sales solicitation calls to nine (9) residential subscribers in this state who had given timely and proper notice to the TRA of their objection to receiving telephone solicitations. On January 18, 2007, the CSD received the first complaint against Telelytics, which alleged that the complainant, a person properly listed on the Tennessee “Do Not Call” register, had received a telephone solicitation pertaining to debt consolidation on

January 16, 2007. Through its investigation, the CSD determined the origin of the call was from the telephone service of Telelytics. On February 6, 2007 the CSD provided Telelytics with notice, via certified mail, of the first complaint. and informed Telelytics of its alleged violation of TENN. CODE ANN. § 65-4-404, and TENN. COMP. R. & REGS. 1220-4-11.07(1). The CSD provided notice of each additional violation to Telelytics via certified mail. The CSD received the last complaint related to Telelytics on February 20, 2007 regarding a solicitation call pertaining to bill consolidation that occurred between January 26, 2007 and February 1, 2007.

TENN. CODE ANN. § 65-4-405(f) authorizes the TRA to assess penalties for violations of the Tennessee Do-Not-Call statutes, including the issuance of a cease and desist order and the imposition of a civil penalty of up to a maximum of two thousand dollars (\$2,000) for each knowing violation. The maximum fine faced by Telelytics in this proceeding is eighteen thousand dollars (\$18,000), arising from the nine (9) complaints. CSD relied upon the factors stated in TENN. CODE ANN. § 65-4-116(b) during the negotiations that resulted in this agreement, including the size of Telelytic's business, its financial status, good faith and the gravity of the violations.

In response to the complaints, Telelytics asserts that it inadvertently corrupted its state Do Not Call Table while making a change to its copy of the National Do Not Call Registry. Telelytics also maintains that as soon as the error was brought to its attention, it stopped all calls, reloaded the state Do Not Call records and rescrubbed all phone lists. CSD has received no further complaints against Telelytics.

In an effort to resolve these nine (9) complaints, represented by the file numbers above, CSD and Telelytics agree to settle this matter based upon the following acknowledgements and terms subject to approval by the Directors of the TRA:

1. Telelytics neither admits nor denies that the above mentioned nine (9) complaints are true and valid complaints and are in violation of TENN. CODE ANN. §65-4-404 and TENN. COMP. R. & REGS. 1220-4-11.07(1).
2. Telelytics agrees to a settlement payment of five thousand dollars (\$5,000.00) for these complaints as authorized by TENN. CODE ANN. §65-4-405(f), and agrees to remit the amount of two thousand five hundred dollars (\$2,500.00) to the Office of the Chairman of the TRA within ten (10) days of the date the Directors of the TRA approve this Settlement Agreement.¹ The remaining one (1) installment of two thousand five hundred dollars (\$2,500.00) shall be remitted to the TRA no later than thirty (30) days from the date the Directors of the TRA approve this Settlement Agreement.² Upon payment of the amount of five thousand dollars (\$5,000.00) in compliance with the terms and conditions of this Settlement Agreement, Telelytics is excused from further proceedings in this matter.
3. Provided Telelytics fully complies with the terms of this Settlement Agreement, the TRA agrees that it will not pursue any claims, or seek payment of any civil penalties against Telelytics for alleged violations of the Tennessee Do Not Call Sales Solicitation Law and regulations occurring prior to the date of this Settlement Agreement.
4. Telelytics agrees that its representative will participate telephonically or in person at the Authority Conference at which the Directors consider this Settlement Agreement.

¹ The payment may be made in the form of a check, payable to the Tennessee Regulatory Authority, referencing TRA Docket No. 07-00076.

² The payment may be made in the form of a check, payable to the Tennessee Regulatory Authority, referencing TRA Docket No. 07-00076.

5. In the event of any failure on the part of Telelytics to comply with the terms and conditions of this agreement, the Authority reserves the right to re-open this docket. Any costs incurred in enforcing the Settlement Agreement shall be paid by Telelytics.
6. If any clause, provision or section of this Settlement Agreement for any reason is held to be illegal or unenforceable, such illegality, invalidity or unenforceability shall not affect any other clause, provision or section of this Settlement Agreement and this Settlement Agreement shall be construed and enforced as if such illegal, invalid or unenforceable clause, section or other provision had not been contained herein.
7. This Settlement Agreement represents the entire agreement between the parties, and there are no representations, agreements, arrangements or understandings, oral or written, between the parties relating to the subject matter of this Settlement Agreement, which are not fully expressed herein or attached hereto.

Carsie D. Mundy
Carsie D. Mundy
Chief, Consumer Services Division
Tennessee Regulatory Authority
APRIL 12, 2007
Date

Telelytics, LLC d/b/a Debt Solutions

[Signature]
Signature

Scott Kaplan
Print Name

President/CEO
Print Title

9-Apr-07
Date