

THE TENNESSEE REGULATORY AUTHORITY

AT NASHVILLE, TENNESSEE

November 19, 2007

IN RE:)	
	)	DOCKET NO.
SETTLEMENT AGREEMENT WITH	)	07-00076
TELELYTICS, LLC D/B/A DEBT)	
SOLUTIONS)	

ORDER APPROVING SETTLEMENT AGREEMENT

This matter came before Chairman Sara Kyle, Director Eddie Roberson, and Director Ron Jones of the Tennessee Regulatory Authority (the “Authority” or “TRA”), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on May 15, 2007, for consideration of a proposed Settlement Agreement between the Consumer Services Division of the TRA (the “CSD”) and Telelytics, LLC d/b/a Debt Solutions (“Telelytics” or the “Company”) related to alleged violations of the Tennessee Do-Not-Call Telephone Sales Solicitation statutes.¹ The proposed Settlement Agreement is attached hereto as Exhibit A.

Tenn. Code Ann. § 65-4-404 and Tenn. Comp. R. & Regs. 1220-4-11-.07(1) prohibit persons and entities from knowingly making or causing to be made telephone sales solicitation calls to any residential subscribers in this state who have given timely and proper notice to the Authority of their objection to receiving telephone solicitations. Tenn. Code Ann. § 65-4-405(d) requires persons or entities desiring to make telephone solicitations to residential subscribers to register in the Do-Not-Call program. Tenn. Code

¹ See Tenn. Code Ann. § 65-4-401 *et seq.*

Ann. § 65-4-405(f) authorizes the Authority to initiate proceedings relative to violations of the Do-Not-Call statutes and the TRA rules and regulations promulgated pursuant to the Do-Not-Call statutes. The statute authorizes the TRA to undertake actions, including but not limited to, issuing a cease and desist order, issuing an order imposing a civil penalty up to a maximum of two thousand dollars (\$2,000) for each knowing violation and seeking additional relief in any court of competent jurisdiction.

The CSD's investigation commenced after it received nine complaints between January 18, 2007 through February 20, 2007 alleging that complainants, individuals properly listed on the Do-Not-Call register, received a telephone solicitation from Telelytics. The CSD provided Telelytics with notice of the complaints on February 6, 2007.

The proposed Settlement Agreement was negotiated as the result of the CSD's investigation into the complaints against Telelytics. Pursuant to Tenn. Code Ann. § 65-4-405(f), the maximum penalty faced by the Company was \$18,000 arising from the nine complaints. In negotiating the terms and conditions of this Settlement Agreement, the CSD took into consideration Tenn. Code Ann. § 65-4-116(b), which provides:

In determining the amount of the penalty, the appropriateness of the penalty to the size of the business of the person, firm or corporation charged, the gravity of the violation and the good faith of the person, firm or corporation charged in attempting to achieve compliance, after notification of a violation, shall be considered. The amount of the penalty, when finally determined, may be deducted from any sums owing by the state to the person, firm or corporation charged or may be recovered in a civil action in the courts of this state.

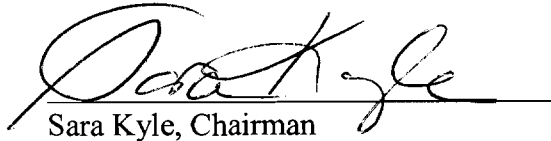
Telelytics agreed to pay to the Authority the amount of \$5,000 in settlement of these violations. The first payment, of \$2,500 is to be paid to the Office of the Chairman no later than ten days from the date the panel approves the Settlement Agreement. There

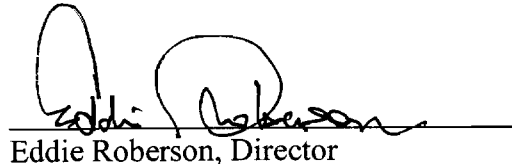
will be one additional payment of \$2,500 due to the TRA within thirty days of the date that the panel approves the Settlement Agreement.

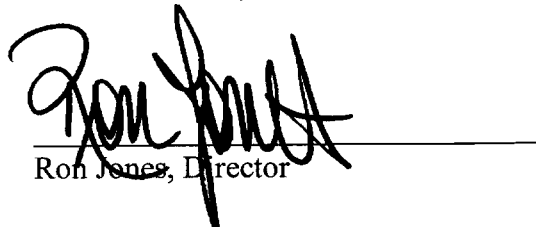
A representative of Telelytics participated telephonically during the Authority Conference on May 15, 2007. Following a discussion with the parties and a review of the Settlement Agreement, the Directors voted unanimously to accept and approve the Settlement Agreement.

IT IS THEREFORE ORDERED THAT:

1. The Settlement Agreement, attached hereto as Exhibit A, is accepted and approved and is incorporated into this Order as if fully rewritten herein.
2. The amount of \$5,000 shall be paid by Telelytics, LLC to the TRA.
3. Upon payment of the amount of \$5,000 and compliance with the terms of the Settlement Agreement attached hereto, Telelytics, LLC is excused from further proceedings in this matter, provided that, in the event of any failure on the part of Telelytics, LLC to comply with the terms and conditions of the Settlement Agreement, the Authority reserves the right to re-open this docket.


Sara Kyle, Chairman


Eddie Roberson, Director


Ron Jones, Director

TENNESSEE REGULATORY AUTHORITY




2007 APR 17 AM 4:00
T.R.A. DOCKET ROOM
James Robertson Parkway
Nashville, Tennessee 37243-0505

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

April 17, 2007

MEMORANDUM

To: Docket File

From: Carsie D. Mundy 
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

Exhibit A

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.

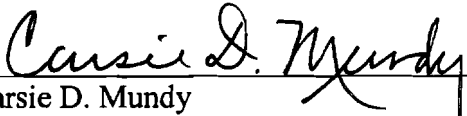
In an effort to resolve these nine (9) complaints, represented by the file numbers above, CSD and Telelytics agree to settle this matter based upon the following acknowledgements and terms subject to approval by the Directors of the TRA:

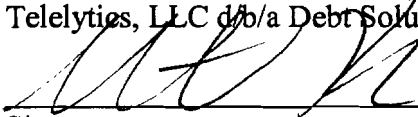
1. Telelytics neither admits nor denies that the above mentioned nine (9) complaints are true and valid complaints and are in violation of TENN. CODE ANN. §65-4-404 and TENN. COMP. R. & REGS. 1220-4-11.07(1).
2. Telelytics agrees to a settlement payment of five thousand dollars (\$5,000.00) for these 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
Chief, Consumer Services Division
Tennessee Regulatory Authority
APRIL 12, 2007
Date

Telelytics, LLC d/b/a Debt Solutions

Signature
Scott Kaplan
Print Name
President/CEO
Print Title
9-Apr-07
Date