

# TENNESSEE REGULATORY AUTHORITY



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

460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

April 13, 2007

## MEMORANDUM

**TO:** Chairman Sara Kyle  
Director Eddie Roberson  
Director Pat Miller

**FROM:** Carsie Mundy, Chief-Consumer Services Division *CSM*  
Rebecca Montgomery, Counsel *RM*

**SUBJECT:** *Staff Investigation of Conversant Technologies, Inc. for Violation of Tenn. Code Ann. § 65-4-201 and Tenn. Comp. R. & Regs. 1220-4-2-.57(2)*  
Docket No. 07-00091

Attached is a Settlement Agreement between the Consumer Services Division and Conversant Technologies, Inc. (hereafter referred to as "Conversant") for violation of Tenn. Code Ann. § 65-4-201 and Tenn. Comp. R. & Regs. 1220-4-2-.57(2).

The CSD received a verbal complaint on March 19, 2007 alleging statutory violations by Conversant relating to providing telecommunications services in Tennessee without the required approval from the Authority. Upon investigation of the complaint, the CSD discovered that Conversant had filed for a CCN with the Authority to provide operator services and/or resold telecommunications services on February 8, 2007 in Docket No. 07-00042 and the Docket was scheduled for consideration by the Authority at the March 26, 2007 regularly scheduled Agenda Conference. Due to the pending investigation, the Directors deferred action on Docket No. 07-00042 at the March 26, 2007 Agenda Conference.

In the course of investigating this complaint, the CSD discovered that Conversant had been providing telecommunications services in Tennessee without proper authority for at least 103 days.

This Settlement requires Conversant to make a payment of three thousand five hundred dollars (\$3,500) to the Authority by the first day of the month following the date the Authority approves the Settlement. A representative for Conversant will be available at the April 16, 2007 Authority Conference to answer any questions you may have.

Considering all the relevant facts, the Staff believes the terms of this Settlement are fair and reasonable. The Staff submits the attached Settlement Agreement for your deliberation at the April 16, 2007 Authority Conference.

Attachment

Cc: Mr. Richard Collier  
Mr. Henry Walker

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TENNESSEE**

**IN RE:**

**STAFF INVESTIGATION OF CONVERSANT  
TECHNOLOGIES, INC. FOR VIOLATION OF TENN. CODE  
ANN. § 65-4-201 AND TENN. COMP. R. & REGS. 1220-4-2-  
.57(2)**

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**DOCKET NO.  
07-00091**

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**SETTLEMENT AGREEMENT**

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This Settlement Agreement, which has been voluntarily entered into between the Consumer Services Division (“CSD”) of the Tennessee Regulatory Authority (“TRA” or “Authority”) and Conversant Technologies, Inc. (“Conversant” or the “Company”), resolves all issues and causes of action by the TRA involving Conversant’s alleged noncompliance with TENN. CODE ANN. § 65-4-201, and TENN. COMP. R. & REGS 1220-4-2-.57(2) (operating without a certificate of public convenience and necessity or “CCN”) through the date of the execution of this Settlement Agreement. This Settlement Agreement is subject to the approval of the Directors of the TRA.

The CSD received a verbal complaint on March 19, 2007 alleging statutory violations by Conversant relating to providing telecommunications services in Tennessee without the required approval from the Authority. On February 12, 2007, Conversant applied for authority to operate Customer Owned Coin Operated Telephones (“COCOTs”) in Tennessee. This application was granted on March 12, 2007 in Docket No. 07-00044. As a result of the complaint, the CSD opened an investigation. During the investigation, the CSD discovered that Conversant had filed for a CCN with the Authority to provide operator services and/or resold telecommunications

services on February 8, 2007 in Docket No. 07-00042 and the application is still pending. Conversant has stated that it has been providing inmate services to the Obion County Jail since January 3, 2007 under the license of its processor ILD but, as of the date of this Settlement, no customers have been billed for calls from the Obion County Jail. Conversant has further stated that it has not been providing inmate service to other location in Tennessee. Conversant has not provided any statutory or rule authority to justify offering inmate pay phone service prior to obtaining appropriate intrastate authority.

The CSD alleges that Conversant has been in violation of TENN. CODE ANN. § 65-4-201 and TENN. COMP. R. & REGS. 1220-4-2-.57(2) since January 3, 2007.

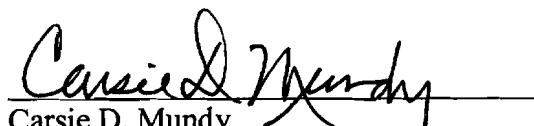
TENN. CODE ANN. § 65-4-120 authorizes the TRA to impose a penalty or fine in the amount of fifty dollars per day upon any public utility in violation of any rule or requirement of the TRA. Conversant has stated that it has been providing service in Tennessee since January 3, 2007 which is a minimum of 103 days, resulting in a potential total penalty of five thousand one hundred fifty dollars (\$5,150). After consideration of the factors provided in TENN. CODE ANN. § 65-4-116(b), including the Company's size, financial status, and the gravity of the violation and the good faith of the Company in attempting to achieve compliance, the CSD and the Company have agreed that a settlement of three thousand five hundred dollars (\$3,500) is reasonable and appropriate.

Therefore, the CSD and Conversant agree to settle this matter based upon the following acknowledgements and terms, subject to approval by the Directors of the TRA:

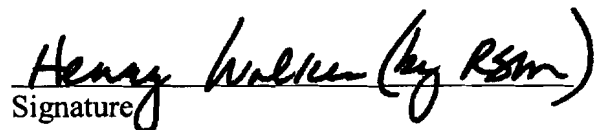
1. Conversant neither admits nor denies that it has provided telecommunications services in Tennessee in violation of TENN. CODE ANN. §65-4-201 and TENN. COMP. R. & REGS. 1220-4-2.57(2).
2. Conversant agrees to pay to the TRA the sum of three thousand five hundred dollars (\$3,500) (the "Settlement Payment") to the Office of the Chairman of the

TRA no later than the first day of the month following the date the panel of Directors assigned to this Docket approves this Settlement Agreement.

3. Upon TRA approval of Conversant's petition for a CCN in TRA Docket No. 07-00042, Conversant agrees, henceforth, to remain in compliance with all the statutory and regulatory requirements of the TRA.
4. Conversant agrees that a company representative will attend the Authority Conference during which the Directors consider this Settlement Agreement. Such attendance may be by telephone.
5. Compliance with all terms and conditions of this Settlement Agreement by Conversant shall be deemed a full settlement, release, accord and satisfaction of all liability for the aforementioned alleged violations.
6. In the event that Conversant fails to comply with the terms and conditions of this Settlement Agreement, the TRA reserves the right to re-open this investigation and Conversant shall pay any and all costs incurred by the TRA to enforce the Settlement Agreement.
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.
8. If any clause, provision or section of this Settlement Agreement shall, for any reason, be held illegal, invalid 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.

  
Carsie D. Mundy  
Chief, Consumer Services Division  
Tennessee Regulatory Authority

APRIL 13, 2007  
Date

  
Signature

HENRY WALKER  
Print Name

Counsel for Conversant  
Print Title

4-13-07  
Date