

**THE TENNESSEE REGULATORY AUTHORITY**

**AT NASHVILLE, TENNESSEE**

**November 26, 2007**

<b>IN RE:</b>	)	
	)	
<b>STAFF INVESTIGATION OF</b>	)	<b>DOCKET NO.</b>
<b>CONVERSANT TECHNOLOGIES, INC.</b>	)	<b>07-00091</b>
<b>FOR VIOLATION OF TENN. CODE</b>	)	
<b>ANN. § 65-4-201 AND TENN. COMP. R. &amp;</b>	)	
<b>REGS. 1220-4-2-.57(2)</b>	)	

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**ORDER APPROVING SETTLEMENT AGREEMENT**

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This matter came before Chairman Sara Kyle, Director Eddie Roberson, and Director Pat Miller of the Tennessee Regulatory Authority (the “Authority” or “TRA”), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on April 16, 2007 for consideration of a proposed Settlement Agreement between the Consumer Services Division of the TRA (the “CSD” or “Staff”) and Conversant Technologies, Inc. (“Conversant” or the “Company”) related to alleged noncompliance with Tenn. Code Ann. § 65-4-201 and Tenn. Comp. R. & Regs 1220-4-2-.57(2). The proposed Settlement Agreement is attached hereto as Exhibit A.

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, it was discovered that Conversant applied for authority to operate Customer Owned Coin Operated Telephones on February 12, 2007 and the Authority granted the application on March 12, 2007 in Docket No. 07-00044. However, Staff further found that Conversant had been

providing inmate services to a corrections facility in Obion County, Tennessee while its application for a Certificate of Public Convenience and Necessity in Docket No. 07-00042 was still pending.

The proposed Settlement Agreement was negotiated as the result of the CSD's investigation into the complaint against Conversant. Pursuant to Tenn. Code Ann. § 65-4-120, the maximum penalty faced by Conversant was \$5,150. In negotiating the terms and conditions of this Settlement Agreement, the CSD took into consideration Tenn. Code Ann. § 65-4-116(b), which provides:

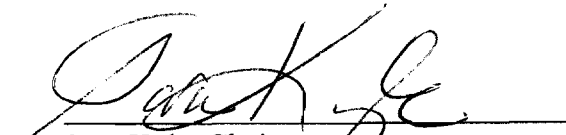
In determining the amount of the penalty, the appropriateness of the penalty to the size of the business of the person, firm or corporation charged, the gravity of the violation and the good faith of the person, firm or corporation charged in attempting to achieve compliance, after notification of a 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.

CSD and Conversant agreed that Conversant would pay the TRA a penalty of \$3,500 in settlement of the Complaint. Such payment is to be paid to the Office of the Chairman no later than the first day of the month following the date the Authority approves the Settlement Agreement. Counsel for Conversant was available during the Authority Conference on April 16, 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.

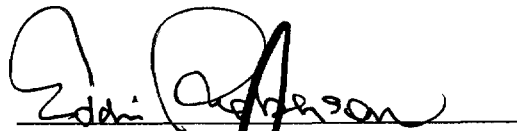
**IT IS THEREFORE ORDERED THAT:**

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 \$3,500 shall be paid by Conversant Technologies, Inc. to the TRA.

3. Upon payment of the amount of \$3,500 and compliance with the terms of the Settlement Agreement attached hereto, Conversant Technologies, Inc. is excused from further proceedings in this matter, provided that, in the event of any failure on the part of Conversant Technologies, Inc. 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



Pat Miller, Director

**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)**

**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.

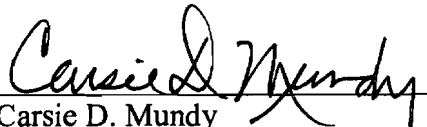
TENN. CODE ANN. § 65-4-120 authorizes the TRA to impose a penalty or fine in the amount of fifty dollars per day upon any public utility in violation of any rule or requirement of the TRA. Conversant has stated that it has been providing service in Tennessee since January 3, 2007 which is a minimum of 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:

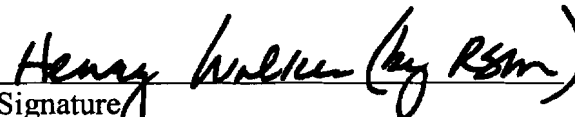
1. Conversant neither admits nor denies that it has provided telecommunications services in Tennessee in violation of TENN. CODE ANN. §65-4-201 and TENN. COMP. R. & REGS. 1220-4-2.57(2).
2. Conversant agrees to pay to the TRA the sum of three thousand five hundred dollars (\$3,500) (the "Settlement Payment")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