

TENNESSEE REGULATORY AUTHORITY



Eddie Roberson, Chairman
Tre Hargett, Director
Sara Kyle, Director
Ron Jones, Director

460 James Robertson Parkway
Nashville, Tennessee 37243-0505

May 6, 2008

TO: Director Tre Hargett
Director Sara Kyle
Director Ron Jones

FROM: Carsie Mundy, Chief-Consumer Services Division

SUBJECT: *In re: Alleged Violations of Tenn. Code Ann. § 65-4-401 et seq., Do-Not-Call Law, by Sprint Spectrum L.P.*
Docket No. 08-00066

On May 5, 2008, I filed the executed Settlement Agreement in this Docket. Attached, for your information, is a copy of the Agreement. This matter will be scheduled for consideration by the Panel in the near future. Tevin Thompson, Deputy Chief-Consumer Services, will provide a Staff recommendation memorandum to the Panel as lead of the Advisory Staff. Charles Pemberton, lead of the Investigative Staff, will present the Agreement for your approval during the Authority Conference when this matter is deliberated.

Attachment: 1

Copy to: Chairman Eddie Roberson
Mr. Melvin Malone, Esq.
Docket File

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BEFORE THE TENNESSEE REGULATORY AUTHORITY

AT NASHVILLE, TENNESSEE

IN RE:)	
)	
ALLEGED VIOLATIONS OF TENN.)	
CODE ANN. §65-4-401 <i>et seq.</i>, DO-NOT-)	
CALL SALES SOLICITATION LAW,)	
AND RULES OF TENNESSEE)	DOCKET NO. 08-00066
REGULATORY AUTHORITY, CHAPTER)	
1220-4-11, BY SPRINT SPECTRUM L.P.)	
)	

SETTLEMENT AGREEMENT

This Settlement Agreement has been entered into between the Consumer Services Division ("CSD") of the Tennessee Regulatory Authority ("TRA") and Sprint Spectrum L.P. ("Sprint") and is subject to the approval of the Directors of the TRA. Sprint is a telecommunications company with headquarters at 6200 Sprint Parkway, Overland Park, Kansas.

This Settlement Agreement pertains to seventy-two (72) complaints received by the CSD alleging that Sprint 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 seventy-two (72) residential subscribers in this state who had given timely and proper notice to the TRA of their objection to receiving telephone solicitations. On or about October 19, 2006, the CSD received the first complaint against Sprint, which

alleged that the complainant, a person properly listed on the Tennessee "Do Not Call" register, had received a telephone solicitation pertaining to Sprint wireless service. The CSD provided notice, via certified mail, of the first complaint on or about November 8, 2006 and informed Sprint 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 alleged violation to Sprint via certified mail. The CSD received the last complaint related to Sprint on or about April 28, 2008 regarding a solicitation call that occurred on or about April 18, 2008.

Sprint investigated each complaint by referencing the complainant's telephone number with internal database and promotional campaign records that Sprint maintains for the purpose of ensuring that the limited telemarketing campaigns it conducts are managed in compliance with state and federal Do-Not Call regulations and determined that the calls were not made by Sprint employees or through vendors authorized to conduct telemarketing that operate on Sprint's behalf. The CSD and Sprint cooperated to investigate complaints with caller ID details or other information that could indicate the source of the calls reported by complainants. Based on the results of these investigations, Sprint determined that the likely source of the calls is "offshore" marketing call centers retained by individuals or organizations not authorized by Sprint to conduct telemarketing and which fraudulently use Sprint third-party dealer service activation codes to sell and fulfill service orders.

Based upon the cooperative investigation by CSD and Sprint, CSD acknowledges that it appears that an "offshore" entity or person, not authorized by Sprint, is likely fraudulently involved in the telephone solicitations at issue. The CSD does not know,

however, how many of the telephone solicitations at issue may have involved said “offshore” entity or person.

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 penalties for knowing violations. Sprint maintains that no knowing violation has occurred. 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 Sprint’s business, good faith partnership during the investigation and the gravity of the violations.

In response to the complaints, Sprint asserts that it has not committed a knowing violation, nor any violation, of the Tennessee Do-Not-Call statutes, that it has established and implemented, with due care, reasonable practices and procedures to effectively prevent telephone solicitations in violation of Tennessee Do-Not-Call statutes and rules, that it has cooperated fully and in good faith with the CSD to investigate the alleged violations, and that it has expended substantial financial and human resources to stem the suspected fraud by unauthorized third parties that it believes are the source of the calls.


In an effort to resolve these seventy-two (72) complaints, CSD and Sprint agree to settle this matter based upon the following acknowledgements and terms subject to approval by the Directors of the TRA:

1. Sprint neither admits nor denies that the above mentioned seventy-two (72) 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. Sprint agrees to make a settlement payment eighty thousand dollars (\$80,000.00) to the TRA as part of a permanent disposition of these complaints, and agrees to remit the full amount 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 Upon payment of the amount of eighty thousand dollars (\$80,000.00) in compliance with the terms and conditions of this Settlement Agreement, Sprint is excused from further proceedings in this matter.
3. Provided Sprint 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 Sprint for alleged violations of the Tennessee Do Not Call Sales Solicitation Law and regulations occurring prior to the date of this Settlement Agreement.
4. The TRA and Sprint agree and acknowledge that this Settlement Agreement is the result of a compromise and shall never be construed as an admission by Sprint of any liability, wrongdoing, or responsibility on its part or on the part of its predecessors, successors, assigns, agents, parents, subsidiaries, affiliates, officers, directors, employees or shareholders. Sprint expressly denies any such liability, wrongdoing or responsibility.
5. Sprint 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. 08-00066.

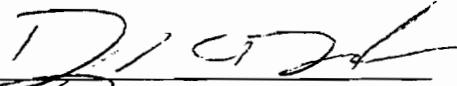
6. In the event of any failure on the part of Sprint to comply with the terms and conditions of this Agreement, the Authority reserves the right to re-open this matter. Any costs incurred in enforcing the Settlement Agreement shall be paid by Sprint.
7. If any clause, provision or section of this Settlement 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.
8. 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

MAY 5, 2008

Date



Signature
Douglas C. Nelson

Print Name

Attorney, State Government Affairs

Print Title

April 30, 2008

Date