

TENNESSEE REGULATORY AUTHORITY



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460 James Robertson Parkway
Nashville, Tennessee 37243-0505

June 6, 2011

Lance J.M. Steinhart
Lance J.M. Steinhart, P.C.
1720 Windward Concourse
Suite 115
Alpharetta, Georgia 30005

RE: Docket No. 10-00187, *Application of Aegis Telecom, Inc. for a Certificate of Public Convenience and Necessity to Provide Competing Local Exchange and Interexchange Telecommunications Services in Tennessee*

Dear Mr. Steinhart:

In regard to the above application, please provide the following information:

- 1) Attached is a copy of a notarized statement from Ms. Naomi Rodriguez alleging, among other things, that Telecom Service Bureau (the third party firm that will provide management services for Aegis Telecom, Inc.) is supplying phones to individuals who do not meet the eligibility requirements for Lifeline and Link Up services. Please respond to this statement.
- 2) What procedures are in place within Aegis Telecom, Inc. to assure that all Lifeline and Link Up customers meet the eligibility requirements for those programs?
- 3) What procedures are in place within Aegis Telecom, Inc. to ascertain that Telecom Service Bureau will comply with state and federal requirements for Lifeline and Link Up programs?

Please provide the above information by June 17, 2011 by 2:00 pm. In accordance with TRA Rules, please submit either (1) thirteen written copies of your response or (2) four written copies and an electronic version and reference Docket No. 10-00187 on the correspondence. If you have questions concerning this request or need additional information, please contact Lisa Foust at 615-741-2904 extension 220.

Sincerely,

David Foster
Utilities Division Chief

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AFFIDAVIT OF NAOMI RODRIGUEZ

STATE OF FLORIDA)
) ss
COUNTY OF ORANGE)

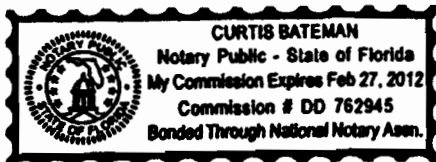
Naomi Rodriguez, of lawful age, on her oath states that the following facts are true and correct to the best of her knowledge and belief. In matters related to these facts, I also go by the Spanish version of my name; Noemí, Emi; my nickname, Emi Rodriguez and Emi

Naomi Rodriguez
Docket # 10-00187

Subscribed and sworn to before me this 6th day of April 2011.

Notary Public

My commission expires 02/27/2012



I am the sole owner and manager of Full Access Experiential Media Group and Local Flyer Distribution Service. Telecom Service Bureau does not and never has had any ownership interest in Full Access Experiential Media Group or Local Flyer Distribution Service. Telecom Service Bureau is the only client Full Access Experiential Media Group and/or Local Flyer Distribution has worked with to promote Lifeline and Link Up programs.

In late 2010, Local Flyer Distribution Service was contacted by Telecom Service Bureau and entered into a contract with Telecom Service Bureau for arranging and publicizing meetings whereby attendees; general public could apply for Lifeline service. Telecom Service Bureau provided Local Flyer Distribution Service with sales collateral including; flyers, Lifeline application forms, banners, road signs, etc. Local Flyer Distribution Service conducted a Grassroots Marketing campaign to pre-promote one of Telecom Service Bureau's many programs; "Wireless for Hope". At these meetings Lifeline applicants would submit Lifeline application forms to Local Flyer Distribution Service. If an applicant submitted a signed and completed Lifeline application form to Local Flyer Distribution Service then, Local Flyer Distribution would call Telecom Service Bureau with information on application. If Telecom Service Bureau confirmed, then Local Flyer Distribution Service provided a phone to the applicant. Telecom Service's Bureau's confirmation was provided orally and documented with a tracking number they provided Local Flyer Distribution Service. The tracking number provided was then noted on the Lifeline application form.

The agreement between Local Flyer Distribution Service and Telecom Service Bureau identifies compensation arrangements whereby Local Flyer Distribution Service was to be paid at the rate of \$3 for every phone distributed to a Lifeline subscriber, with a minimum of 10,000 phones to be distributed per market; New Orleans and Baton Rouge. According to the agreement, Local Flyer Distribution Service would receive a total of \$60,000 for work related to setting up meetings in two markets, New Orleans and Baton Rouge, to be paid as follows: \$20,000 in December 2010 or January 2011 (prior to events), \$20,000 due week after first event; and \$20,000 to be paid after Local Flyer Distribution Service provided all completed Lifeline application forms to Telecom Service Bureau. Upon the second \$20,000 payment being due Telecom Service Bureau demanded Local Flyer Distribution Service sign an Addendum to modify the original agreement as a condition of payment. Local Flyer Distribution Service refused. However, after a conference call with key Telecom Service Bureau owners, managers and their attorneys Telecom Service Bureau agreed to make a payment but, failed to actually do so. In the meantime, Local Flyer Distribution Service continued to work on behalf of Telecom Service Bureau as it awaited the payment it had been promised.

Local Flyer Distribution Service arranged meetings in New Orleans and Baton Rouge by distributing flyers, creating public service announcements, online ads and setting up web pages for Telecom Service Bureau. Approximately 35+ meetings were held in a two week

time period within both markets and several locations whereby customers completed and submitted Lifeline application forms. The meetings proved to be challenging and unruly. Telecom Service Bureau failed to provide Local Flyer Distribution Service adequate customer service support as originally agreed during the contracting phase. In short, there was an average of a 5 - 6 minute hold time when Local Flyer Distribution Service in-take Field Brand Ambassadors called Telecom Service Bureau to process Lifeline application forms. The slow process resulted in long lines and thousands of impatient consumers. A stabbing even occurred at one meeting. When Local Flyer Distribution Service requested Telecom Service Bureau provide event security they declined and suggested Local Flyer Distribution Service "give someone a couple of bucks to guard the door," as suggest by Gary Wayne Birch. Applicants may not have been truthful in filling out the application. For example some applicants appeared to fill out the forms using names of celebrities. Telecom Service Bureau was represented during the event by have Gary Wayne Birch present to oversee the initial distribution in New Orleans. Telecom Service Bureau instructed Local Flyer Distribution Service to not ask for customer identification. Telecom Service Bureau would deny confirmation of some applications; however, many applicants received multiple phones. One person was able to receive 38+ phones. Melissa Chaber, Field Market Manager, contracted by Local Flyer Distribution Service informed me that she observed some applicants immediately attempting to sell their Lifeline phones to people that were tired of waiting in the long application lines. Ultimately Local Flyer Distribution Service distributed approximately 6,500 Lifeline wireless phones, 50,000 flyers promoting the event, 25,000 Lifeline application forms, 100 road signs in high traffic locations.

Telecom Service Bureau is not fulfilling the obligations contemplated in the agreement between Telecom Service Bureau and Local Flyer Distribution Service. To date Telecom Service Bureau has only paid Local Flyer Distribution Service \$20,000 in compensation. Telecom Service Bureau still owes \$40,000; the balance on the contract to Local Flyer Distribution Service. Prior to the end of the events in New Orleans and Baton Rouge, Telecom Service Bureau reclaimed an unknown number of processed and unprocessed Lifeline applications forms and approximately 13,000+ phones previously provided to Local Flyer Distribution Service. This reclamation of phones prevented Local Flyer Distribution Service from the opportunity to meet the obligation to distribute up to 10,000 phones in each of the two markets. After realizing Telecom Service Bureau may not pay Local Flyer Distribution Service as contemplated in the agreement, I retained approximately 5,500 Lifeline application forms submitted by applicants. Telecom Service Bureau has informed me that it does not need these forms.

The relationship between Local Flyer Distribution and Telecom Service Bureau was terminated in February 2011 and Local Flyer Distribution Service no longer performs any work for Telecom Service Bureau. For weeks after the promotional blitz I had consumers and organization calling me to complain they are waiting for their phones. We collected some applications to process and instructed consumers to return and pick-up their

phones. Since an unknown number of applications were confiscated by Mr. Birch along with the wireless phones we were not able to provide those consumers with a phone. Additionally, our Grassroots Outreach to hospitals, schools, community centers, employment center, etc. was thwarted by Telecom Service Bureau. We provided these organizations with Lifeline application forms which we were unable to take credit for because Mr. Birch shut the events down.

Attempts have been made to resolve this matter. For instance Telecom Service Bureau proposed amending the contract if I dropped all concerns and refused to cooperate with any investigation efforts. I rejected the amendments proposed by Telecom Service Bureau. I have never attempted to amend the contract. Telecom Service Bureau has promised to make payments but, has ultimately failed to do so.

I did contact USAC expressing concerns about Telecom Service Bureau. I became increasingly suspicious of Telecom Service Bureau's activities. For example, their relationship with 2.0 Wireless and PayGo Services; our predecessors, was also turbulent. When my agency was retained, Telecom Service Bureau informed me it had cut all ties with 2.0 Wireless and PayGo Services. However, it was not until days before the beginning of our distribution that I learned we would be competing within the same market with PayGo Services thereby, making it more difficult for us to meet our distribution timetable. I learned from conversations I had with Mr. Birch and Ms. Chaber that Telecom Service Bureau had been contacted by pawn shop(s) after Lifeline phones entrusted to PayGo had been sold in bulk to area pawn shops. I learned that PayGo fabricated applications which Telecom Service Bureau processed. In turn, the Lifeline wireless phone associated with the application was then, sold to pawn shops. Moreover, there was a very questionable relationship between the Section 8 Director in New Orleans; Eddie Scott and Mike Sloan of PayGo Services. It was suspected that PayGo was providing Mr. Scott a kick-back for allowing them to set-up events within government property; Section 8 Housing. Mr. Birch voiced this concern. I also suspected the same. USAC's email suggests Telecom Service Bureau is claiming support for phones not distributed to Lifeline customers; however, I am unaware if this claim is actually occurring but, I do suspect it. USAC's email also suggests Telecom Service Bureau is fabricating applications; however, I am unsure if this claim is occurring but, Mr. Birch did voice concerns suspecting it. To date, the Missouri PSC Staff and The Tennessee Utilities Commission have been the only state level government entities I have been in contact with regarding this matter. On a Federal level the FCC is also investigating Telecom Service Bureau for fraud.

Ms. Chaber is no longer contracted by Local Flyer Distribution Service. Ms. Chaber fraternized with Telecom Service Bureau employees and failed to meet the mandates of her agreement with Local Flyer Distribution Service. Ms. Chaber exceeded the allotted staff hours for this project, over booked field staff, made un-authorized purchases with Local Flyer Distribution Service funds, made cash withdrawals, returned property

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purchased by Local Flyer Distribution Service and stole money refunded from those purchase returns.