

TENNESSEE REGULATORY AUTHORITY



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

January 14, 2008

GTC Telecom, Inc.
3151 Airway Avenue, Suite P-3
Costa Mesa, California 92626

RE: Surety Bond or Irrevocable Letter of Credit Mandated by Tenn. Code Ann. § 65-4-125(j)
Company ID 128314

To Whom It May Concern:

Tenn. Code Annotated § 65-4-125(j) requires telecommunications service providers such as GTC Telecom, Inc. to file with the Tennessee Regulatory Authority (“Authority”) a corporate surety bond or irrevocable letter of credit in the amount of twenty thousand dollars (\$20,000) to secure the payment of any monetary sanction imposed in any enforcement proceeding brought by or on behalf of the Authority under Title 65 or the Consumer Telemarketing Protection Act, Tenn. Code Ann. § 47-18-1501 *et seq.*¹

On September 21, 2007, the Authority received a cancellation notice from Travelers Casualty and Surety Company indicating bond (no.104501844) for GRC Telecom, Inc. would be cancelled on October 23, 2007. As of that date, GTC Telecom, Inc. has become non-compliant with Tenn. Code Ann. § 65-4-125(j). Telecommunications service providers that fail to comply with the requirements of Tenn. Code Ann. § 65-4-125(j) are subject to sanction, including the revocation of their certificate of convenience and necessity authorizing them to transact business in Tennessee.² To avoid sanction, a valid and compliant bond or letter of credit must be submitted to the Authority immediately. Otherwise, GTC Telecom, Inc.’s non-compliance with Tenn. Code Ann. § 65-4-125(j) will be brought before the Directors of the Tennessee Regulatory Authority for consideration on February 11, 2008.

If you have questions, please contact Lisa Foust at (615) 741-2904, extension 220.

Sincerely,

A handwritten signature in cursive script that reads 'Darlene Standley'.

Darlene Standley
Utilities Division Chief

¹ Tenn. Code Ann. § 65-4-125(j) applies to all telecommunications service providers subject to the control and jurisdiction of the Authority, except those owners or operators of public telephone service who pay annual inspection and supervision fees pursuant to Tenn. Code Ann. § 65-4-301(b) and providers that own or operate equipment facilities in Tennessee with a value greater than five million dollars (\$5,000,000).

² See Tenn. Code Ann. § 65-4-201.