OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20554

March 22, 2011

David Lewis
Chief Executive Officer
Associated Network Partners, Inc.
3130 Pleasant Run
Springfield, IL 62711

Dear Mr. Lewis:

The Federal Communications Commission (FCC), Office of Inspector General (OIG) audited Associated Network Partners, Inc. to determine compliance with FCC rules regarding the reporting of revenue information subject to Universal Service Fund (USF) contributions on the FCC Form 499 – A, Telecommunications Reporting Worksheets, for the calendar years ended 2005, 2006 and 2007. Attached is the final report of the audit conducted by our office. It incorporates your written response to the draft audit report, the response received from the Universal Service Administrative Company (USAC), and the OIG's comments to those responses.

The OIG performed this audit consistent with its authority under the Inspector General Act of 1978, as amended, including, but not limited to sections 2(1) and 4(a)(1). It is not intended as a substitute for any agency regulatory compliance review or regulatory compliance audit.

Please contact Randal Skalski, Director, USF Program Audits at 202-418-0479, or randal.skalski@fcc.gov or Gerald Grahe, Assistant Inspector General for USF Oversight at 202-418-0474, or gerald.grahe@fcc.gov if you have questions, or need additional information.

Sincerely,

Gerald T. Grahe
Assistant Inspector General for
USF Oversight

Attachment - Final Audit Report
09-AUD-04-05

FEDERAL COMMUNICATIONS COMMISSION

OFFICE OF INSPECTOR GENERAL

Final Audit Report
Compliance with FCC's USF Contributor Rules
Associated Network Partners, Inc.

Report No. 09-AUD-04-05
March 22, 2011

Background

Associated Network Partners, Inc. (Company), Filer ID No. 824974, was established in 1996 by a group of independent telephone companies. The Company purchases wholesale long distance services from [redacted] and resells them to member companies at prices that are lower than the companies could obtain directly from the long distance providers. The Company's members now include more than 400 independent local exchange carriers and regional wireless operators located throughout the United States. The Company stated that all its customers provide services to end users and that some also provide services to other common carriers.

Scope and Methodology

We have examined the Company's compliance with the applicable requirements of the federal Universal Service Fund (USF) contained in the rules of the Federal Communications Commission and codified in Title 47 Code of Federal Regulations (CFR) Part 54, §§ 54.706, 54.711, 54.712 and 54.713, related FCC Orders and the Telecommunications Reporting Worksheet Instructions relative to information reported on the FCC Forms 499-A for the calendar years 2005, 2006 and 2007.

We conducted this performance audit in accordance with generally accepted government auditing standards contained in Government Auditing Standards, July 2007 Revision (GAO 07-7316), issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis of our findings and conclusions based on our audit objectives. Our examination does not provide a legal determination on the Company's compliance with specified requirements.

OIG representatives visited the Company's location in Springfield, Illinois during the period March 9 – 13, 2009, met with the Company's staff, and reviewed supporting data related to the 2006, 2007 and 2008 FCC Forms 499-A.

Conclusions

Our audit identified two findings in which the Company did not comply with the FCC rules or instructions regarding its 2006, 2007 and 2008 FCC Forms 499-A. The major finding was that the Company reported revenues from customers that did not contribute to the USF as reseller revenues (exempt revenues) in block 3, as opposed to end-user revenues in block 4, without demonstrating that it had a reasonable expectation that those were reseller revenues exempt from USF contributions. The net effect of the finding was that the Company overstated exempt reseller revenues in block 3 on the FCC Forms 499-A by $2,067,545 and understated USF-related interstate and international end-user revenues in block 4 by the same amount. We also identified a finding in which the

Company reported pre-paid calling card revenue on the wrong line of the 2008 FCC Form 499-A. Our third draft audit report finding that the Company did not file the annual Report of International Telecommunications Traffic was deleted based on further evaluation of the issue.

The final report incorporates the written responses to the draft audit report from the Company and the Universal Service Administrative Company (USAC) and our comments to those responses. The Company disagreed with several aspects of the draft audit report findings but did agree with a few items. USAC agreed with our report findings and recommendations. Complete copies of the responses are included in Appendices 2 and 3 of the report.

Finding 1: The Company Overstated Exempt Reseller Revenues

Criteria: 47 CFR §54.711 states that contributions shall be calculated and filed in accordance with the Telecommunications Reporting Worksheets. The Instructions to Telecommunications Reporting Worksheet (FCC Form 499-A) provide additional guidance.

According to the instructions, a filer should have in place documented procedures to ensure that it reports as reseller revenues (carrier's carrier revenues) exempt from the USF contribution base only revenues from entities that reasonably would be expected to contribute to support universal service,[1] which may include, but not be limited to maintaining the following information:

- Maintain a file for each reseller customer that includes filer ID number; legal name; address; name of a contact person; and phone number of the contact person.

- Maintain evidence of the use of the FCC website[2] to validate the contributor status of each reseller customer.

- Obtain an annual signed statement from each reseller customer containing specific language[3] that it either contributes directly to the USF or resells the telecommunications to a direct contributor.

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[1] *See* Instructions to FCC Form 499-A at 19 (2008).

[2] http://gullfoss2.fcc.gov/cib/form499/499a.cfm.

[3] Page 19 of the instructions to the FCC Form 499, revised February 2008, states that:

> Each year, the filer must obtain a signed statement from the reseller containing the following language:

Filers that cannot establish they had reasonable expectations that revenue was exempt reseller revenue, such as by following the above procedures or based on other reliable proof of affirmative knowledge, will be responsible for any additional universal service assessments that result if its customers must be reclassified as end-users.[4] The FCC has defined a reseller as a "telecommunications service provider that 1) incorporates the purchased telecommunications services into its own offerings and 2) can reasonably be expected to contribute to support universal service based on revenues from those offerings."[5]

According to the FCC Form 499-A instructions, a telecommunications company must pay USF contributions on the interstate and international revenues generated from the end-user of the services that the company provides. The company reports end-user revenues on block 4 of the FCC Form 499-A. Revenues generated from the sale of the company's telecommunications services to other companies and then resold to end-users are reported as reseller revenues in block 3 of the form and are exempt from USF contributions if the company establishes a reasonable expectation that the revenues are exempt by following the above procedures or based on other reliable proof or affirmative knowledge. The purpose of the exemption is to prevent the assessment of USF contributions on the same telecommunications services more than once.

Additionally, if a provider sells telecommunications services to other companies that are de minimis, the associated revenues also should be reported as end-user revenues in block 4, unless the provider has evidence demonstrating that it had a reasonable expectation that those were reseller revenues. A de minimis company for USF purposes is a company that does not pay USF contributions because its contribution base revenues would result in assessed contributions of less than $10,000. Since the average USF contribution factor was 10.925 percent in 2007, a company was de minimis if it generated less than $91,533 in interstate and international end-user revenues.[6] The revenues from the sale of telecommunications services to these non-contributors should be reported as end-users revenues in block 4, as appropriate. The purpose of this rule is to ensure that USF contributions are assessed on all telecommunications services.

I certify under penalty of perjury that the company is purchasing service for resale in the form of telecommunications or interconnected Voice over Internet Protocol service. I also certify under penalty of perjury that either the company contributes directly to the federal universal support mechanism, or that each entity to which the company provides resold telecommunications is itself an FCC Form 499 worksheet filer and a direct contributor to the federal universal service support mechanism.

[4] *See* Page 19 of the instructions to the FCC Form 499, revised February 2008; *Federal–State Joint Board on Universal Service, Request for Review of Decision of the Universal Service Administrator by Global Crossing Bandwidth, Inc.*, 24 FCC Rcd 10824, 10830 (Wir. Comp. Bur. 2009).
[5] *Report and Order and Second Order on Reconsideration*, 12 FCC Rcd 18400, 18507 (1997).
[6] $10,000 divided by 10.925 percent equals $91,533.

Condition: The Company did not follow the FCC procedures designed to ensure that the exempted revenues are from entities that reasonably would be expected to contribute to support universal service and provided no other evidence the Company had reasonable expectations that the subject entities did in fact resell those services and contributed to the USF. Furthermore, the Company reported exempted revenues from revenues from some entities that did not, in fact, contribute to the USF.

We found that the Company followed the first procedure but did not maintain evidence of the use of the FCC's website and did not obtain signed certifications from any of its customers during 2007. The Company controller stated that the FCC website was checked but copies were not kept. Since the contributor status of customers may change from year to year, the Company needs to maintain copies for the applicable year. The controller provided us with a copy of the certification form that it recently created, which none of its customers had yet signed.

For calendar year 2007, the Company reported revenues of [redacted] on the 2008 FCC Form 499-A of which [redacted] was claimed as exempt revenues provided for resale in block 3 of the form. Of the [redacted] was reported as interstate and international revenues. The Company reported only [redacted] as interstate and international end-user revenues on block 4 of the form.

We examined the list of 475 reseller customers and associated revenues of [redacted] reported in block 3 of the 2008 FCC Form 499-A to determine whether any of the revenues were from customers that did not contribute to the USF. We found that 56 customers with associated interstate and international revenues of $725,241 either did not file the 2008 FCC Form 499-A or filed but did not contribute, and the Company did not provide reliable proof that it had a reasonable expectation that those were reseller revenues.[7] Accordingly, the Company should have reported those revenues as end-user revenues on block 4 instead of USF-exempted revenues on block 3. Of the 56 customers, 24 were clients of [redacted] to which the Company sold services under an umbrella agreement. The Company's officials claimed that [redacted] was responsible for paying USF contributions on those revenues because the Company considered [redacted] to be the wholesaler and [redacted] clients to be the end-users. We do not agree with the Company position because [redacted] is a consulting company, not a telecommunications provider. [redacted] negotiated with the Company for a fee to sell long distance services to 60 of [redacted] clients at better rates than the clients could obtain individually. The Company, not [redacted], is involved with all of the service-delivery aspects of providing the long distance services to the clients and the clients are billed directly by the Company.

[7] The Company provided no evidence that it had reason to expect that any of the 56 customers resold the services purchased from the Company to other carriers who were themselves contributors.

We also examined the reseller customers and the associated revenues reported on block 3 of the 2006 and 2007 Forms 499-A and found that the Company incorrectly reported exempt revenue for de mimimis carriers and/or non-filers who did not contribute during calendar years 2005 and 2006 in the amount of $757,438 and $584,866, respectively.

Cause: The Company's officials initially indicated that they were unaware of the requirement to document their reasonable expectation that the revenues reported as exempt reseller revenues are eligible. The Company's officials also indicated that the procedures contained in the instructions to qualify for the reseller revenues exemption place an unfair burden on the Company to enforce the USF contributor rules with its customers.

Effect: We found that the Company incorrectly reported interstate and international revenues of $2,067,545 as exempt reseller revenues for calendar years 2005 through 2007 from companies that we have determined to be either de minimis or non-filers.[8] Although our audit procedures determined that a [redacted] portion of the Company's reported reseller revenues was from direct USF contributors, and therefore exempt, the Company was responsible for performing and documenting its own procedures to assure that it could reasonably expect the revenues to be exempt. See table 1 below and Appendix 1 for additional detail.

Table 1. Summary of Reported Revenues

		USF Contribution Base (Interstate and International) Revenues Reported in Block 3		
Calendar Year	Total Intrastate, Interstate and International Revenues	Revenues from Customers that Contributed	Revenues from Customers that Did Not Contribute	Total
2005	[redacted]	[redacted]	$757,438	[redacted]
2006	[redacted]	[redacted]	584,866	[redacted]
2007	[redacted]	[redacted]	725,241	[redacted]
Total	[redacted]	[redacted]	$2,067,545	[redacted]

Recommendations: We recommend that the Company (1) refile the FCC Forms 499-A for 2005, 2006 and 2007 to reclassify $2,067,545 as end-user revenues in block 4 instead of reseller revenues in block 3, and (2) as a best practice, report revenues in block 3 of

[8] *See* Appendix I for a list of these companies.

future FCC Forms 499-A only those revenues from customers who provided certifications as described in the instructions.

Company's Response: The Company disagreed with our finding and recommendation for several reasons. First, the Company stated that the audit report does not provide sufficient, appropriate evidence to provide a reasonable basis for this finding that ANPI did not maintain records and documentation to justify its 499-A filings. Second, the Company stated it should not be faulted for not having all the records suggested by page 19 of the instructions as guidance. Third, the Company relied on its customers to report its de minimus status so that the Company would know to report the related revenues in Block 4 but acknowledges that it overlooked notices of de minimus status from five customers. Fourth, the Company provided additional information regarding its reasons for reporting the revenues of three of its customers ([redacted]) in Block 3 as exempt resellers' revenues.

OIG's Comments: We considered the Company's arguments, and provide the following response to those arguments, but reaffirm our finding and recommendations. First, we believe that the audit report, and the working papers that support it, contain sufficient evidence for this finding because the Company has not demonstrated, either during our audit or in its response to the draft report, that it had documented procedures to qualify for the block 3 revenue exemption as required by the instructions. Second, while we agree with the Company that the three procedures listed in the instructions are suggestions; the Company did not provide evidence that it had followed any other documented procedures to qualify for the block 3 revenue exemption.[9] Third, the Company should not rely solely on its customers to report its de minimus status because it does not relieve the Company of the requirement to follow appropriate documented procedures. Fourth, while the additional information provided for two of the Company's customers, [redacted],[10] could have been used to document the Company's reasonable belief regarding the customer's reseller status if it was documented in its files for these customers, there was no indication that the Company had this information at the time it filed its 499-A. Furthermore, because these customers were either de minimus filers or non-filers, we would have expected the Company to obtain exemption certificates from them.[11] We continue to believe that the Company is responsible for reporting revenues from [redacted] in Block 4 for the reasons discussed in the 4th paragraph of the condition section of this finding.

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[9] *See* 2nd paragraph of the Condition section.

[10] Based on additional information in ANPI's response to the draft audit report, we revised the non-exempt [redacted] revenues from $200,716 to $16,586 due to the $184,130 amount attributed to the cellular subsidiary. We still do not have sufficient documentation, however, to assure ourselves that the revenues from [redacted] reported as exempt by ANPI have been subject to FUSF by these customers or that ANPI had documented that it had reasonable belief that FUSF was paid.

[11] As stated on page 5, the Company created its own certification form but did not have any forms signed by its customers.

USAC's Response: USAC agreed with the OIG's finding and provided additional information to rebut the Company's response. USAC also requested that the OIG provide two additional items of information. First, USAC requested that the OIG explain the $184,130 difference between the amounts disclosed in the draft final report for overstated block 3 revenues ($2,067,545) and the amount noted in the Company's response ($2,251,675). Second, USAC requested that the OIG include the intrastate portion of the overstated block 3 revenues so that it can adjust the Company's obligations under NANPA (North American Numbering Plan) and LNP (Local Number Portability).

OIG's Comments: We concur with USAC's information in support of our finding and provide the two items of requested information as follows. First, the $184,130 difference in the two amounts for overstated block 3 revenues, as explained in footnote number 10 of the final report, is an adjustment based on the Company's response to the draft report. Second, table 2 below details the interstate and international revenues associated with the overstated exempt reseller revenues in block 3. We also added a column to the table for total revenues including intrastate revenues because the table provided in USAC's response did not contain the correct amounts.

Table 2. Summary of Reported Revenues from Customers that Did Not Contribute

		USF Contribution Base (Interstate and International) Revenues Reported in Block 3		
Calendar Year	Total Intrastate, Interstate and International Revenues	Interstate	International	Total
2005	[redacted]	[redacted]	[redacted]	$757,438
2006	[redacted]	[redacted]	[redacted]	584,866
2007[12]	[redacted]	[redacted]	[redacted]	725,241
Total	[redacted]	[redacted]	[redacted]	$2,067,545

[12] Total revenues of [redacted] consist of line 311 revenues of [redacted] and line 312 revenues of [redacted]. The breakdown of interstate and international revenues for line 311 is [redacted] and [redacted], respectively. The breakdown of interstate and international revenue for line 312 is [redacted] and [redacted], respectively.

Finding 2: The Company's Pre-paid Calling Card Revenue was Reported on the Wrong Line

Criteria: 47 CFR § 54.711 requires telecommunications providers to complete the Telecommunications Reporting Worksheet, FCC Form 499-A, in accordance with the instructions to the form. The instructions provide guidance on how to report prepaid calling card revenue.

Condition: The Company reported [redacted] in pre-paid calling card revenue on line 414.1 titled Ordinary Long Distance instead of line 411 titled Pre-Paid Calling Card as required by the instructions to the 2008 FCC Form 499-A. Of the [redacted] in pre-paid card revenue, [redacted] represented interstate revenue and [redacted] represented international revenue.

Cause: The Company's officials stated that the pre-paid calling card revenue was reported on the wrong line of the 2008 FCC Form 499-A because of an oversight.

Effect: The finding does not affect the USF contribution base revenues; however, the form should be completed accurately because it does affect information gathered by FCC and USAC.

Recommendation: We recommend that the Company file a revised 2008 FCC Form 499-A with USAC reclassifying the pre-paid card revenue from line 414.1 to line 411.

Company's Response: The Company did not object to the finding; however, the Company took exception to filing a revised 2008 FCC Form 499-A as it deemed the error will have an immaterial affect on the information gathering for the Form and cannot be justified by any material benefit.

OIG's Comments: The 2008 FCC Form 499-A instructions state that a filer must submit a revised Worksheet if it discovers an error in the revenue data that it reports. The instructions do not waive the revision requirement based on the materiality of the adjustment.

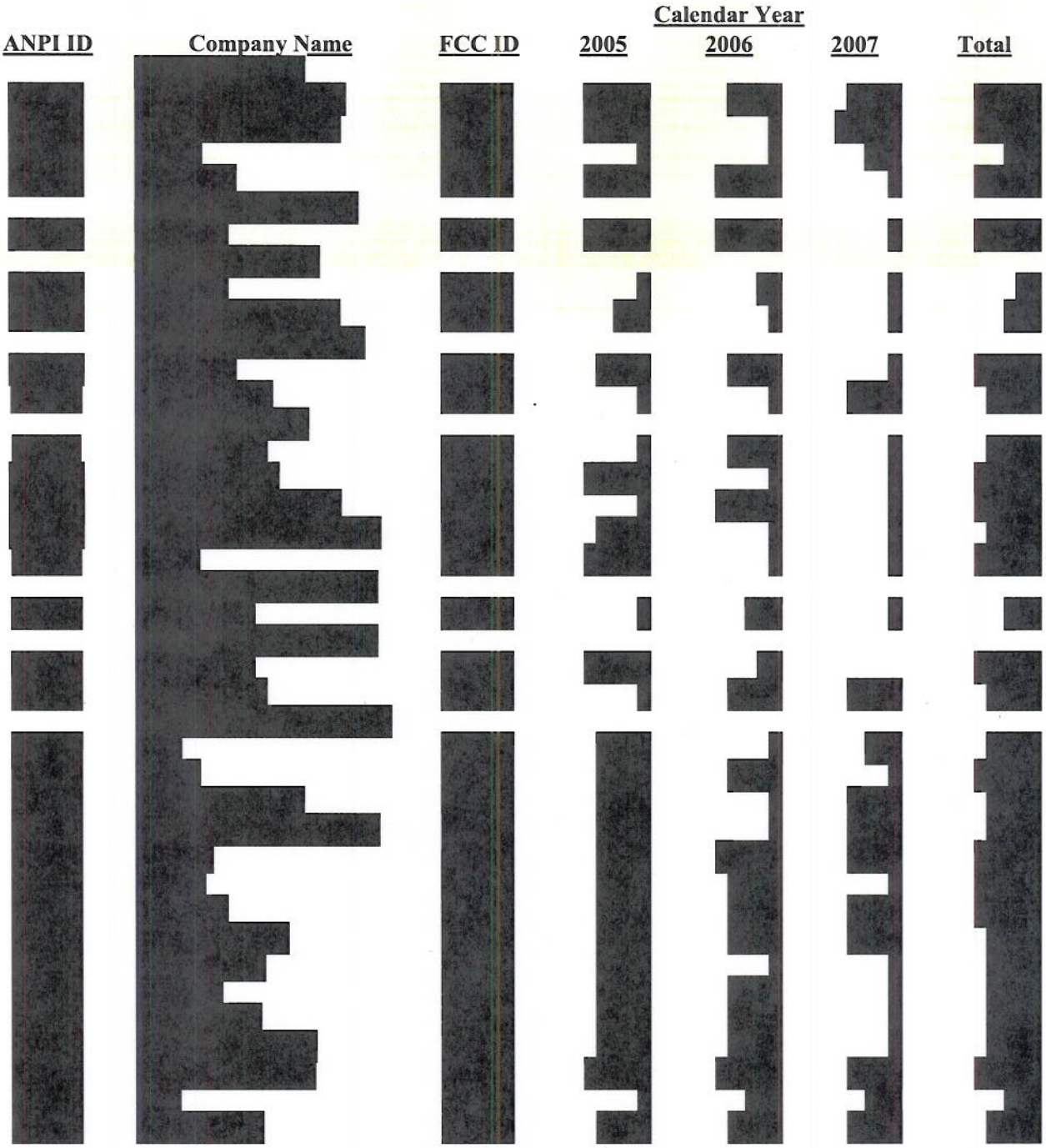
USAC's Response: USAC agreed with the finding with no additional comments.

GERALD T. GRAHE
Assistant Inspector General
for USF Oversight

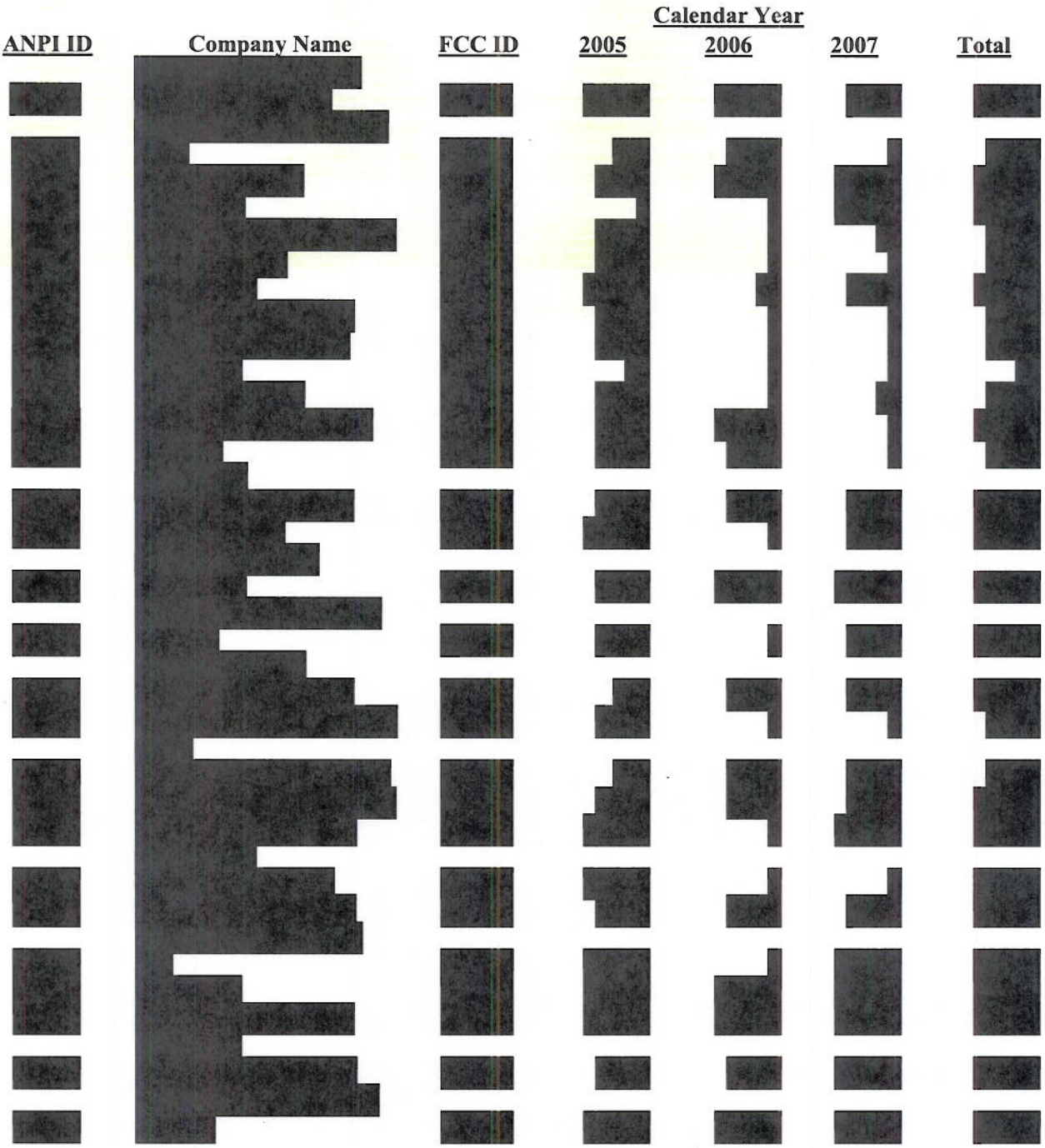
APPENDIX 1

Associated Network Partners, Inc.
List of De Minimis Non-Contributors and Non-filers for Calendar Years 2005 through 2007
Block 3 Interstate and International Revenues

Associated Network Partners, Inc.
List of De Minimis Non-Contributors and Non-filers for Calendar Years 2005 through 2007
Block 3 Interstate and International Revenues



Associated Network Partners, Inc.
List of De Minimis Non-Contributors and Non-filers for Calendar Years 2005 through 2007
Block 3 Interstate and International Revenues



Associated Network Partners, Inc.
List of De Minimis Non-Contributors and Non-filers for Calendar Years 2005 through 2007
Block 3 Interstate and International Revenues

ANPI ID	Company Name	FCC ID	Calendar Year 2005	2006	2007	Total
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	Totals		**$757,438**	**$584,866**	**$725,241**	**$2,067,545**

APPENDIX 2

ANPI 3130 Pleasant Run Springfield, IL 62711
T. 217-698.2860 F. 217-698.0100 anpisolutions.com

June 18, 2010 (via e-mail)

Gerald T. Grahe
Assistant Inspector General for
USF Oversight
Federal Communications Commission
Office of Inspector General
445 12th Street, S.W.
Room 2-C762
Washington, D.C. 20554

Re: Comments on Non-Public Draft Audit Report No. 09-AUD-04-05

Dear Mr. Grahe:

We have reviewed the above-referenced non-public draft audit report sent to Associated Network Partners, Inc. ("ANPI") by your letter to me dated May 19, 2010. We appreciate the opportunity afforded by your letter to provide comments on this draft report within 30 days. I attach hereto the written comments of ANPI on the draft report. We respect the work and effort that went into compiling this report, and fully cooperated with your audit because we recognize the importance of these audits to the FUSF program. We also recognize that the draft report may raise issues as to which the FCC may choose to propose rules or issue an order generally applicable to all Form 499-A filers. However, we do not support the recommendations in the draft audit report that are directed solely at and would be applicable only to ANPI.

As explained in our attached comments on the draft audit report, ANPI respectfully submits that the report incorrectly relies on inconclusive and incomplete evidence for its first finding that ANPI "Overstated Exempt Reseller Revenues" in its 2005, 2006, and 2007 Form 499-A filings by a total of $2,251,675. ANPI also respectfully submits that the draft audit report provides inadequate evidence under FCC rules to support its recommendation that ANPI "refile the FCC Forms 499-A for 2005, 2006 and 2007 to reclassify $2,251,675 as end-user revenues in Block 4 instead of reseller revenues in Block 3." ANPI also respectfully excepts to the recommendation that ANPI "as a best practice, report as revenues in Block 3 of future FCC Forms 499-A only those revenues from customers who provided certifications." If the FCC issues a generally applicable ruling or clarification that requires all filers to report only such revenues in Block 3, ANPI would of course comply with such a ruling.

ANPI does not object to the second finding in the draft report, that ANPI's "pre-paid calling card revenue was reported on the wrong line," although that error, as the discussion in support of this finding makes clear, was confined to ANPI's 2008 FCC Form 499-A filing. As to the recommendation that ANPI file a revised 2008 FCC Form 499-A reclassifying the pre-paid card

revenue, ANPI, as explained more fully in its attached comments, respectfully submits that the draft report does not justify this recommendation in light of the immaterial amount involved in this one-time mistake.

With respect to the third finding in the draft report, that ANPI "did not file the report of International Telecommunications Traffic," ANPI, as further explained in the attached comments, respectfully submits that the rule on which the draft report relies to impose the reporting requirement on ANPI does not apply to ANPI because ANPI is not a "common carrier." Therefore, ANPI respectfully excepts to the recommendation that ANPI file the annual report of International Telecommunications Traffic.

If you have any questions, or wish to discuss any of ANPI's comments on the draft audit report, please do not hesitate to contact Joseph O'Hara, ANPI's Chief Financial Officer.

Sincerely yours,

David Lewis

Attachment

COMMENTS OF ASSOCIATED NETWORK PARTNERS, INC. ("ANPI")
ON NON-PUBLIC DRAFT AUDIT REPORT
No. 09-AUD-04-05
(MAY 19, 2010)

ANPI identifies below, by main section heading and page, each subpart of the draft audit report on which it comments. Below each such main section heading, ANPI provides its comments on the discussion under that section heading in the draft audit report.

Background (Page 1):

ANPI respectfully submits that the following should be added to end of the discussion in this section in the interest of completeness:

> All of these common carrier independent local exchange carrier and regional wireless operators provide service to end users, or resell the Company's services to other carriers, including affiliated carriers, that provide service to end users. Some of the Company's customers provide service to end users and to other common carriers.

Scope and Methodology (Page 1):

In the first paragraph, fourth line, after the word "and", ANPI requests insertion of the phrase "the extent to which it followed." By way of explanation for the requested addition, ANPI respectfully submits that the worksheet instructions are not rules that require compliance, but guidance and explanation of the information sought by the FCC in Form 499-A. At the end of the third paragraph, in the interest of completeness and accuracy, ANPI respectfully requests addition of the following sentence: "The Company cooperated fully with OIG representatives throughout the audit process."

Conclusions (Pages 1-2):

ANPI excepts to the conclusion that it "reported revenues from customers that did not contribute to the USF as reseller revenues ("exempt revenues") in Block 3… without demonstrating that it had a reasonable expectation that those were reseller revenues exempt from USF contributions", and that ANPI "overstated exempt reseller revenues in Block 3 on the FCC Forms 499-A by $2,251,675 and understated end user revenues in Block 4 by the same amount." As previously noted, ANPI serves no end-users. ANPI resells service to independent telephone companies and wireless carriers that resell the service to end users and other resellers. ANPI reasonably relied on those companies to report to ANPI any revenues collected from them that ANPI should report as Block 4 revenues. Except for the five cases listed in Exhibit A hereto, involving minimal amounts and discovered by ANPI in its review of information previously provided by its 475 customers, there is no evidence that ANPI failed to report as Block 4 revenues any other revenues that its customers reported to ANPI because of their de minimis status with respect to Form 499-A .

ANPI does not except to the conclusion that it reported pre-paid calling card revenue on the wrong line of the 2008 FCC Form 499-A. However, as the draft audit report later acknowledges, that error had no practical effect and is immaterial.

ANPI excepts to the conclusion that it "did not file the annual report of International Telecommunications Traffic, as required by FCC rules or instructions." The FCC rule cited by the draft audit report for this requirement applies to "common carriers." ANPI is not a common carrier in that ANPI provides service selectively under negotiated contracts and does not hold itself out as willing to serve all potential customers.

Finding 1: The Company Overstated Exempt Reseller Revenues (Pages 3-6)

ANPI respectfully excepts to this finding because, contrary to its own specified standard, the draft report does not provide "sufficient, appropriate evidence to provide a reasonable basis" "[1] for this finding. The draft report accurately notes that "47 CFR §54.711 states that contributions shall be calculated and filed in accordance with the Telecommunications Reporting Worksheet" (FCC Form 499-A). Subsection (a) of that rule states: "Contributors shall maintain records and documentation to justify information reported in the Telecommunications Reporting Worksheet, including the methodology used to determine projections, for three years . . . ." There is no finding or any evidence cited in the draft report that ANPI did not maintain records and documentation to justify information reported in its Form 499-A filings for 2005, 2006, and 2007. Instead, the draft report faults ANPI because it did not have all of the records suggested by page 19 of the instructions provided as guidance for filling out FCC Form 499-A.

The draft report's calculation of alleged "Overstated Exempt Reseller Revenues" is not based on "sufficient, appropriate evidence to provide a reasonable basis" for the finding that a total of $2,251,675 in "exempt" interstate and international revenues should have been reported as Form 499-A Block 4 revenues over the 2005, 2006 and 2007 reporting periods. The draft report (p.5) accurately observes that, for calendar year 2007, ANPI reported [redacted] as interstate and international revenues exempt from USF assessment, and [redacted] as interstate and international end user revenues subject to USF assessment. The draft report then calculates that $909,371 of the [redacted] reported as exempt revenue, should have been reported as FUSF assessable end user revenues. The draft report comes up with this figure by adding interstate and international revenue collected from 56 ANPI customers who, according to the report, either did not file a 2008 FCC Form 499-A, or filed the report but did not contribute to USF.

This is not "sufficient, appropriate evidence to provide a reasonable basis" for the draft report's inference that $909,371 of the [redacted] reported as exempt revenue must have been end user revenue for calendar year 2007. The draft report fails to consider the extent to which its calculation of $909,371 includes exempt interstate and international revenues because the non-filers or non-contributors resold ANPI service to another reseller who provided service to end users and was thus responsible for collecting FUSF contributions. This issue was raised by ANPI with the auditors and is specifically mentioned in a March 31, 2009 e-mail from Joseph O'Hara of

[1] Draft Report at 2 (Scope and Methodology).

ANPI to Ms. Brenda Clark of OIG Within the limited period available to ANPI to comment on the draft report ANPI has identified two significant cases of such resale among the entities listed in the Appendix to the draft report. These are [redacted] which together account for about $472,000, or more than half of the $909,371 the draft report claims to be non-exempt end user revenues for calendar year 2007.

With respect to [redacted] ANPI provided to Ms. Brenda Clark of OIG, by Mr. O'Hara's e-mail of March 31, 2009, additional detail as to [redacted] ong distance operations and its [redacted] subsidiary operations, each of which files with the FUSF program under separate filer IDs [redacted] However, the Appendix to the draft audit report shows only the long distance subsidiary, filer [redacted] As explained in the March 31, 2009 e-mail from Joseph O'Hara to Ms. Clark, [redacted] reported that its cellular subsidiary purchases toll service from the long distance company and that the cellular subsidiary contributes to the FUSF because of its service to end users. The revised interstate and international revenues (included in line 311 of Form 499-A) for these entities provided in Mr. O'Hara's e-mail are $87,503 for the long distance company, and $243, 998 for the cellular company. This information is not reflected in the Appendix to the draft audit report. In that same e-mail, Mr. O'Hara provided line 311 data for each ANPI customer for 2005 and 2006 in response to Ms. Clark's request.

With respect to [redacted] *Bloomberg Businessweek* website provides a company *Overview* which documen [redacted] status as a reseller of ANPI service. More specifically, [redacted] resells ANPI service to national carriers that serve end users and contribute to FUSF. The *Bloomberg* company *Overview* states: [redacted] a wireless carrier, constructs and operates rural GSM networks for national carriers in the United States. The company wholesales wireless services to national carriers; and provides voice services using the GSM protocol. It constructs and operates rural GSM networks on a roam only basis to enhance the coverage of national carriers for their local customers, as well as to provide out of the region roaming services for regional carriers. The company was incorporated in 2003 and is based in [redacted]" ANPI has confirmed in discussions with a representative of [redacted] that ANPI service is purchased by [redacted] for resale to national cellular common carriers, such as AT&T and T-Mobile, for roaming service to end users of the national carriers' cellular service.

The draft report also incorrectly creates an issue from the fact that 24 of the 56 ANPI customers it examined "were clients of [redacted] to which the Company sold services under an umbrella arrangement." [redacted] is a wholesaler of service to those 24 customers and therefore responsible for reporting exempt and any non-exempt end user revenues from those companies. The draft report, however, finds that "[redacted] is a consulting company, not a telecommunications provider," without providing any "sufficient, appropriate evidence to provide a reasonable basis" for that finding. The report apparently bases this finding on its statement that the "Company, not [redacted] is involved with all of the service-delivery aspects of providing long distance services to the clients and the clients are billed directly by the Company." But the fact that ANPI provides aspects of service, including billing service, on behalf of [redacted] does not change the contractual relationship between ANPI and [redacted] Although ANPI provided its agreement with [redacted] to the auditors for their review, the draft report mentions no actual provisions of that agreement, under which [redacted] was issued common shares in ANPI like other participating

customers of ANPI. Nor does the draft report acknowledge that the agreement provides [redacted] "the right to acquire non-facilities based intraLATA, interLATA, interstate and international toll and related operator services." [redacted] is therefore a reseller customer of ANPI's service by contract, and not simply a "consulting company." Further to this point, [redacted] advised ANPI that it maintained written agreements with interexchange carriers to purchase services for resale to its customers prior to its execution of an agreement with ANPI. In part, the agreement with ANPI proved to be more attractive to [redacted] because ANPI provided a billing service that [redacted] did not receive under its prior agreements with interexchange carriers. For all of these reasons the draft report should conclude that ANPI reasonably treated [redacted] as a reseller customer responsible for its own clients.

Beyond the $909,372 the draft report incorrectly calculates as additional Block 4 Form 499-A revenue for 2007, the draft report asserts that ANPI should have included an additional $757,438 for 2005 and $584,866 for 2006 without further explanation beyond the draft report's reference to the calculations in the Appendix to the draft report. These calculations ignore ANPI's good faith reliance on its reseller customers to provide notice to ANPI of any revenues received from them that ANPI should report as Block 4 Form 499-A revenues, or more specifically line 423 "Net universal service contribution base revenues." The draft audit report also fails to point out that for 2005 ANPI reported [redacted] in line 423 interstate and international revenues, and that for 2006 ANPI reported [redacted] in line 423 interstate and international revenues. In the interest of completeness, these facts should be included in the draft report.

Based solely on page 19 of the instructions provided as guidance for filling out Form 499-A, the draft report implies that ANPI was required to have "reasonable expectations that revenue was exempt reseller revenue, such as by following the above procedures [on p.19 of the instructions for Form 499-A] or based on other reliable proof of affirmative knowledge,"[2] and that ANPI should be "responsible for any additional universal service assessments that result if its customers must be reclassified as end users."[3] In this connection, the draft report further claims that ANPI was obligated to report as end user revenues all revenues received from customers who did not contribute to USF because their interstate end user revenues were below the de minimis level for contributions. The draft report fails to acknowledge fully, however, ANPI's response to question 9 of the Exhibit A Form 499-A Questionnaire submitted to ANPI by OIG. In its written response to that question ANPI stated: "The company provides services exclusively to resellers. Staff gathers revenue data with respect to ordinary long distance and private line services (dedicated voice circuits) from the company's billing records. Staff then examines total interstate and international revenues to determine whether or not a customer appears to be de minimis, whether the customer appears to be contributing directly, and whether or not the company has received a de minimis notice from a customer. The company then calculates its contribution base by totaling interstate and international revenues derived from entities that appear to be de minimis and who are not contributing directly."

Although the draft report relies heavily on p.19 of the instructions to Form 499-A, it fails to recognize the Note at p.32 of the instructions, which states as follows: "It is not necessary for a

[2] Draft Report at 4.

[3] Id.

filer to certify that it is *de minimis* for universal service purposes because the universal service administrator can determine whether a filer meets the contribution threshold from other information provided on the form. If, however, a reseller or other provider of telecommunications qualifies for the *de minimis* exemption, it must notify its underlying carriers that it is not contributing directly to universal service, so that it may be treated as an end user when the underlying carriers file FCC Form 499." (emphasis in the original.) The final audit report should state that ANPI, except for a few minor mistakes, accurately reported end user revenues based on information ANPI's customers provided to ANPI and based on ANPI's additional analysis of its revenue data.

ANPI acknowledges minor mistakes with respect to its line 423 reporting for calendar years 2006 and 2007. In its subsequent review of documents received from its customers for 2006 and 2007, ANPI discovered that it had overlooked notices of de minimis status from five customers. In consequence, ANPI did not report their revenues as Block 4 revenues in its 2008 and 2007 Form 499-A filings. The companies and the amounts involved are listed in Exhibit A to these comments. The total amount involved for 2006 is $46,359. The total amount involved for 2007 is $7,034. Thus the total amount that was not reported properly for the two years combined is $53,393. As previously noted, ANPI reported [redacted] as line 423 interstate and international revenue for those two years combined ([redacted] for 2007 plus [redacted] for 2006). The additional USF contribution associated with a line 423 error of $53,393 is approximately $5000.

Recommendations (Page 7):

ANPI objects to the recommendation that the company refile FCC Form 499-A for 2005, 2006 and 2007 to reclassify $2,251,675 as end user revenues in Block 4. As we have shown above, the draft audit's calculation is not supported by sufficient, appropriate evidence to provide a reasonable basis for refiling FCC Form 499-A to reclassify $2,251,675 as end user revenues in Block 4. Moreover, even if the draft report's calculation were based on sufficient appropriate evidence, reclassification would produce only about $220,000 in FUSF contribution spread over a three year period, which would have a de minimis impact and no practical effect on the FUSF for the years at issue. In fact, reliable evidence would support the addition of no more than $53,393 to FUSF base revenues for the years at issue, which equates to an additional FUSF contribution of approximately $5000, and is below even the *annual* amount that qualifies as de minimis and exempt from Form 499-A contributions. The expense of refiling Form 499-A reports for prior years to correct minor mistakes of no practical consequence is not justified. We therefore respectfully request deletion of this recommendation. ANPI fully intends to avoid in the future even the minor mistakes it discovered in reviewing past documentation in regard to its 475 customers.

ANPI also objects to the recommendation that "as a best practice" ANPI should report as revenues in Block 3 of future FCC Forms 449-A only those revenues from customers who provided certifications as described in the instructions." If the FCC issues a ruling that independent telephone companies and wireless common carriers must provide certifications that they either contribute directly to the USF or resell telecommunications to a direct contributor in order to permit their underlying provider of interstate and international service to classify revenues from

such customers as exempt resale revenues, ANPI will of course comply with such ruling. In the absence of such a ruling, however, ANPI will continue to rely on the best evidence available, including certifications and other evidence, to classify and report revenues consistent with the FCC's rules. We therefore respectfully request deletion of this recommendation.

Finding 2: The Company's Pre-paid Calling Card Revenue was Reported on the Wrong Line (Page 7):

To be accurate, "of the 2008 Form 499-A" should be added to the end of this title. The discussion makes clear that this error was confined only to that filing. The discussion further makes clear that the "finding does not affect the USF contribution base revenues." The discussion also states that "the form should be completed accurately because it does affect information gathered by FCC and USAC." ANPI fully intends to report such revenue on the correct line in the future. However, only [redacted] in interstate and [redacted] in international revenue were involved in the 2008 Form 499-A error. ANPI respectfully submits that the draft report should find that these amounts are immaterial to the information gathered by the FCC and USAC for any given year.

Recommendation (Page 7):

ANPI respectfully excepts to the recommendation "that the company file a revised 2008 FCC Form 499-A with USAC reclassifying the pre-paid card revenue from line 414.1 to line 411. The only reason suggested for this recommendation is that the error affects information gathered by the FCC and USAC. But the amount involved -- [redacted] in total revenue, including only [redacted] in interstate and international revenue – is far too small to have any material effect on the information gathered by the FCC and USAC from 2008 FCC Forms 499-A. Thus, the cost of filing a revised 2008 FCC Form 499-A cannot be justified by any material benefit. We therefore respectfully request deletion of this recommendation.

Finding 3: The Company Did not File Report of International Telecommunications Traffic (Page 7)

The draft report reproduces 47 CFR §43.61 (a) of the FCC's rules and asserts that ANPI did not file the annual report of International Telecommunications Traffic required by the rule. ANPI objects to this finding. On its face, 47 CFR §43.61(a) applies only to "common carriers." ANPI is not a "common carrier." ANPI contracts with certain independent telephone company common carriers, and certain commercial wireless common carriers to provide service to them, as indicated in the initial Background section of the draft report. These common carriers resell the service to end users or to other resellers, including reseller affiliates. ANPI understands, based on advice of counsel, that a common carrier "holds itself out to serve all potential users indifferently." ANPI does not provide service on such a basis. Therefore, 47 CFR §43.61(a) does not apply to ANPI.

The draft report states that it "obtained clarification from the FCC Bureau responsible for collecting the international report and found that as a toll reseller, the Company is required to file the report." However, the draft report mistakenly classifies ANPI as a "Toll Reseller," a term that is used in Form 499-A, line 105. The draft report apparently classified ANPI as a "toll reseller" without recalling ANPI's entries on line 105 of its 2006, 2007 and 2008 Form 499-A filings. As the entries in each of those filings show, ANPI entered its status not as "Toll Reseller" but as "Other Toll" with the following explanation: "Buys toll minutes and sells those toll minutes under private contract to toll resellers." This explanation is entirely consistent with ANPI's position that it provides service selectively under private contract and *not* indifferently to all potential users as a "common carrier."

Recommendation (Page 8):

For the foregoing reasons, ANPI respectfully excepts to the draft report's recommendation that "the Company file the annual report of International Telecommunications Traffic with the FCC, as required by 47 CFR §43.61, for calendar year 2007 and subsequent years." This rule does not apply to ANPI. We therefore respectfully request deletion of this recommendation.

EXHIBIT A

Associated Network Partners, Inc.
List of De Minimis Non-Contributors for Calendar Years 2006 and 2007 and Reported Revenues That Should Have Been Included in Line 423 of Form 499-A

ANPI ID	COMPANY NAME	FCC ID	CALENDAR YEAR 2006	CALENDAR YEAR 2007
[redacted]				
		Total:	$46,359	$7,034

APPENDIX 3

USAC
Universal Service Administrative Company

November 15, 2010

William Hill
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

RE: FCC Office of Inspector General Audit –Audit Report No. 09-AUD-04-05

Dear Bill:

USAC has reviewed the FCC's Office of Inspector General draft final audit report 09-AUD-04-05 of Associated Network Partners, Inc. dated September 29, 2010. Attached is the USAC Management response to the audit.

If you have any questions regarding this response, please contact me at 202-772-5251.

Sincerely,

Michelle Garber
Director of Financial Operations

Encl: OIG 09-AUD-04-05 Associated Network Partners, Inc.- USAC Response
cc: Mark Stephens

2000 L Street, N.W. Suite 200 Washington, DC 20036 Voice 202.776.0200 Fax 202.776.0080 www.usac.org

USAC
Universal Service Administrative Company

USAC Response to FCC Office of Inspector General Audit
Audit Report No. 09-AUD-04-05 – Associated Network Partners, Inc.
November 15, 2010

USAC reviewed the FCC Office of Inspector General (OIG) audit of the 2006, 2007, and 2008 FCC Forms 499-A for Filer ID 824974, Associated Network Partners, Inc. (the Company). Our response to the audit follows.

Finding 1: The Company Overstated Exempt Reseller Revenues

USAC agrees with the OIG's finding as discussed below with two exceptions, which also are discussed below.

The Company asserts in its draft response to the audit report that the "worksheet instructions are not rules that require compliance, but guidance and explanation of the information sought by the FCC in Form 499-A."[1] In the *Global Crossing Order*, the FCC recognized that the instructions to the FCC Form 499-A ("Instructions") "have been updated" and "modified" to reflect FCC rules, orders and court decisions.[2] The FCC has consistently treated the Instructions as binding and has required "contributors to report their end-user telecommunications revenues to [USAC] in accordance with the instructions and requirements set forth in the Telecommunications Reporting Worksheet (FCC Form 499)."[3] Consistent with the FCC's order on this matter, USAC treats the information requested in the Instructions as the minimum requirement and not a suggestion.

The Company also objects to the recommendation that it report as revenues in Block 3 only those revenues from customers who provided reseller certifications.[4] The Instructions require that a filer document whether its resellers are USAC contributors. Specifically, the Instructions state:

> Each filer should have documented procedures to ensure that it reports as "revenues from resellers" only revenues from entities that reasonably would be expected to contribute to support universal service. The

[1] Company's Response – Scope and Methodology at 1.
[2] *Request for Review of Decision of the Universal Service Administrator by Global Crossing Bandwidth, Inc.*, Order, DA 09-1821, 24 FCC Rcd 10824, ¶ 5 (2009) (*Global Crossing Order*).
[3] *See Universal Service Contribution Methodology; Verizon Wireless Petition for Limited Waiver of Safe Harbor Single Election Requirement and Criteria for Consolidated Filing of Universal Service Revenue Reports*, 25 FCC Rcd 1224, ¶ 2 (2010) (citing *Changes to the Board of Directors of the National Exchange Carrier Assoc., Inc., Federal-State Joint Board on Universal Service*, CC Docket Nos. 96-45,97-21, Report and Order and Second Order on Reconsideration, 12 FCC Rcd 18400 (1997)).
[4] Company Response at 5.

> procedures should include, but not be limited to, maintaining the following information on resellers: Filer 499 ID; legal name; address; name of a contact person; and phone number of the contact person. Filers shall provide this information to the Commission or the administrator upon request. The filer should verify that each reseller will: 1) resell the filer's services in the form of telecommunications [and not as information services]; and 2) contribute directly to the federal universal service support mechanisms. If the filer does not have independent reason to know that the reseller satisfies these criteria, it should obtain a signed statement certifying that these criteria are met. Current contributors to universal service are identified at http://gullfoss2.fcc.gov/cib/form499/499a.cfm. Filers will be responsible for any additional universal service assessments that result if its customers must be reclassified as end users.[5]

The Company refers to the note on page 32 of the Instructions,[6] which concerns a filer's certification that it is exempt from contributing to the various funds that use the Form 499-A. In particular the Company refers to the following statement: "If, however, a reseller or other provider of telecommunications qualifies for the *de minimis* exemption, it must notify its underlying carriers (emphasis in original) that it is not contributing directly to universal service, so that it may be treated as an end user when the underlying carriers file FCC Form 499."[7] This statement does not relieve the filer of its obligation to confirm its customers' contributor status, regardless of whether or not its customers volunteer the information in a timely manner.

The form itself provides further notice that filers are required to: (1) retain the Filer 499 ID and contact information for the filer's associated customers; (2) verify that each of these customers was a direct contributor to the federal universal service support mechanism for the associated calendar year; and (3) verify that the customer is purchasing service for resale as telecommunications.[8]

The OIG notes the Company claims this part of the Instructions "place[s] an unfair burden on the Company to enforce the USF contributor rules with its customers."[9] The Company explained in its response to the audit report that it provides services exclusively to resellers.[10] The Company described how it confirms the status of its customers as follows: "staff examines total interstate and international revenues to determine whether or not a customer appears to be de minimis, whether the customer appears to be contributing directly, and whether or not the company has received a de minimis notice from a customer. The company then calculates its contribution base by totaling interstate

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[5] Instructions to the Telecommunications Reporting Worksheet, Form 499-A, at 18-19 (2007).
[6] The Company does not specify which year of Instructions it is referencing; however, USAC assumes that the Company is referring to either the 2007 or 2008 Form Instructions, as the note was not part of the instruction to the 2006 Form 499-A.
[7] Instructions to the Telecommunications Reporting Worksheet, Form 499-A, at 32 (2007).
[8] 2006 and 2007 Form 499-A, p. 4.
[9] OIG Draft Audit Final Report – Finding 1, Cause at 6.
[10] Company's Response at 4.

and international revenues derived from entities that appear to be *de minimis* and who are not contributing directly."[11] In the absence of the *de minimis* notice, the Company seems to rely on its own calculations to determine the *de minimis* status of its own customers. The Company does not state that it checks the FCC website indicated in the Instructions to confirm whether its customer was listed as a Universal Service Fund contributor during the period covered by the Form 499. Further, even if the *de minimis* approximation was appropriate for determining whether the reseller will directly contribute to the universal service fund, the Company must also meet the other criteria in the Instructions for verifying a reseller's status, that the reseller will resell the filer's services in the form of telecommunications [and not as information services].[12] The requirement that the filer will verify that the customer will resell the services in the form of telecommunications, is not addressed by the Company's process.

The Instructions provide direction in completing the form accurately and within FCC rules. The Company neither followed the procedures specified in the Instructions nor created other procedures designed to do so. The Company, going forward, must adhere to the Instructions for each applicable year when completing the form to ensure it complies with Commission rules.

USAC Exception to Audit Report Finding 1: Variance in Effect
The OIG audit report states that the "Company overstated exempt reseller revenues in block 3 on the FCC Forms 499-A by $2,067,545."[13] The Company in its response quotes the audit report as stating that the Company "overstated exempt reseller revenues in Block 3 on the FCC Forms 499-A by $2,251,675."[14] Please explain this difference to ensure that the accurate value is relied upon.

USAC Exception to Audit Report Finding 1: Intrastate Revenue
The Effect section under Finding 1 of the audit report states that the Company underreported its USF contribution base by $2,067,545, but it does not list the amount of total revenues (*see* column "a" of the Form 499-A) that should be moved from Block 3 to Block 4. Both the NANPA and LNP fund administrators will rely on the adjusted total revenues (including intrastate) to determine the additional obligations of the Company to the respective funds. USAC management suggests that the OIG update this finding to include the amount of total revenues to be moved from Block 3 to Block 4 for each of the audited years.

Finding 2: The Company's Pre-paid Calling Card Revenue Was Reported on the Wrong Line

USAC Agrees with the OIG's finding with no further comments.

USF Contribution Obligation

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[11] *Id.*
[12] Instructions to the Telecommunications Reporting Worksheet, Form 499-A, 18-19 (2007).
[13] OIG Draft Audit Final Report – Finding 1, Effect.
[14] Company's Response at 1.

Following is a summary of the above mentioned audit findings and the overall monetary effect of the Company's USF contribution obligation.

FCC Form 499-A Summary Table - 2006 Form 499-A

	As Reported			Per Audit			Estimated Effect on Contribution Base
Line	Total Revenue	Interstate Revenue	International Revenue	Total Revenue	Interstate Revenue	International Revenue	
311	[redacted]						
414							
418							
419							
420							
421							
422							
423							
						Total Estimated Effect on Contribution Base	757,438

The total effect of this audit results in an increase of $757,438 in the Company's contribution base as compared to the Company's originally filed 2006 Form 499-A. This results in a USF contribution obligation increase of $74,339 for the 2005 calendar year.

FCC Form 499-A Summary Table - 2007 Form 499-A

	As Reported			Per Audit			Estimated Effect on Contribution Base
Line	Total Revenue	Interstate Revenue	International Revenue	Total Revenue	Interstate Revenue	International Revenue	
311	[redacted]						
414							
418							
419							
420							
421							
422							
423							
						Total Estimated Effect on Contribution Base	584,866

The total effect of this audit results in an increase of $584,866 in the Company's contribution base as compared to the Company's originally filed 2007 Form 499-A. This results in a USF contribution obligation increase of $56.339 for the 2006 calendar year.

FCC Form 499-A Summary Table - 2008 Form 499-A

	As Reported			Per Audit			Estimated Effect on Contribution Base
Line	Total Revenue	Interstate Revenue	International Revenue	Total Revenue	Interstate Revenue	International Revenue	
311	[redacted]						
312							
411							
414.1							

415	162,137	34,049	1,621	162,137	34,049	1,621	-
418.3	[redacted]						
419							
420							
421							
422							
423							
			-	Total Estimated Effect on Contribution Base			725,241

The total effect of this audit results in an increase of $725,241 in the Company's contribution base as compared to the Company's originally filed 2008 Form 499-A. This results in a USF contribution obligation increase of $67,938 for the 2007 calendar year.

The total additional USF contribution obligation for the Company for calendar years 2005, 2006, and 2007 is $198,616.

USAC Audit Follow-Up Actions

The audit of the Company's Form 499-As resulted in the FCC OIG concluding that the Company was not in compliance with FCC rules with the net effect that the company understated its end user revenues on its 2006, 2007, and 2008 Form 499-A filings.

Upon USAC Board of Directors deeming this audit final and ready for recovery, USAC will outreach to the Company to request that it submit revised 2006, 2007, and 2008 Form 499-As to correct non–compliance with FCC rules.

After 60 days from the date of outreach, if the Company has not satisfied USAC's request to submit the revised Form 499-As, USAC will generate estimates for all filings in accordance with the OIG's audit report. USAC will invoice based on either the Company's filing, or the USAC estimate.

This concludes the USAC management response.