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DIRECT TESTIMONY

R. EARL POUCHER

FOR

OFFICE OF PUBLIC COUNSEL

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 900960-TL

Q. Please state your name, business address and title.

A. My name is R. Earl Poucher. My business address is 111 West Madison St., Room 812, Tallahassee, Florida 32399-1400. My title is Legislative Analyst.

Q. Please state your business experience.

A. I graduated from the University of Florida in 1956 and I was employed by Southern Bell in July 1956 as a supervisor-trainee. I retired in 1987 with 29 years of service. During my career with Southern Bell, I held positions as Forecaster, Gainesville; Business Office Manager, Orlando; District Commercial Manager, Atlanta; General Commercial-Marketing Supervisor, Georgia; Supervisor-Rates and Tariffs, Florida; District Manager-Rates and Tariffs, Georgia; General Rate Administrator, Headquarters; Division Staff Manager-- Business Services, Georgia; Profitability Manager-Southeast Region, Business Services; Distribution Manager-Installation, Construction & Maintenance, West Florida and LATA Planning Manager-Florida. In addition, I was assigned to AT&T in 1968 where I worked for three years as Marketing Manager in the Market and Service Plans organization. I joined the Office of Public Counsel in

1 October 1991.

2 **Q. Have you ever appeared before this Commission?**

3 **A. Yes I have. I testified on behalf of Public Counsel in United Telephone's Docket**
4 **No. 910980-TL on rate case matters and Docket No. 910725-TL on**
5 **depreciation matters, GTE Docket 920188-TL on Inside Wire, and in Southern**
6 **Bell's depreciation Docket No. 920385-TL. In addition, as an employee of**
7 **Southern Bell I testified in rate case and anti-trust dockets before the Public**
8 **Service Commissions in Georgia and North Carolina.**

9 **Q. What is the purpose of your testimony?**

10 **A. The purpose of my testimony is to describe the sales activities of the Company**
11 **which have led to the abuse of its customers. As a result of this review, I**
12 **recommend to the Commission a variety of actions which will serve to prevent**
13 **the recurrence of such activities in the State of Florida in the future. My**
14 **testimony will describe two separate and distinct areas of sales abuse. The**
15 **first part of my testimony deals with non-contact sales programs and the**
16 **second part of my testimony concerns business office sales.**

17 **Q. Please summarize your testimony.**

18 **A. During the past several years, Southern Bell's pursuit of increased revenues in**
19 **the State of Florida has resulted in widespread customer abuse that was**
20 **revealed as a result of employee revelations and customer complaints, by**
21 **investigations by Public Counsel, the Attorney General, the PSC, a statewide**
22 **Grand Jury and through external litigation. Southern Bell's sales programs were**
23 **mismanaged. The programs lacked adequate controls to protect the public.**
24 **Thousands of customers were billed millions of dollars for services they did not**
25 **order and did not want. The Company has ignored clear and compelling signs**

1 that there were serious consumer problems with their sales procedures, opting
2 instead to turn their backs to the problem and to continue to pursue their
3 financial goals, which took priority over service goals during the Rate
4 Stabilization Trial.

5
6 In recent years, the company has placed Incentive Regulation as a top priority
7 in order to free its stockholder returns from the limits imposed by rate base
8 regulation. As incentive regulation programs were approved by state regulatory
9 bodies, the top management of the Company pushed harder for increased
10 revenues from business office and non-traditional sales sources. In Florida,
11 with the advent of incentive regulation in 1988, top management placed
12 inordinate pressure on middle and lower management to produce to improve
13 profitability. The Florida rate stabilization plan gave the company the
14 opportunity to earn as much as 16% return on equity. Corporate managers
15 were encouraged to develop numerous revenue stimulation programs in the late
16 1980's that provided increasingly lucrative commissions for the individuals and
17 generous bonuses for top management.

18
19 In its rush to increase revenue, corporate management forgot its obligations to
20 the public and its customers. Sales programs were adopted with little regard
21 for controls and audits. While the Company still tries to maintain that the
22 problems in the Florida were the product of a few misguided individuals, the
23 real facts are that Southern Bell's Florida operations have produced the worst
24 case of customer abuse in the history of the company.

25

1 Finally, major changes have been implemented during the past two years in
2 order to protect Florida customers from abuse by the Company and personnel.
3 Don't believe Southern Bell when they tell you THEY found the problem and
4 THEY fixed it. These internal changes were the product of external pressures.
5 Public Counsel, the Attorney General, the Statewide Prosecutor, the Statewide
6 Grand Jury and the threat of action by the Commission in this docket mandated
7 that the Company take strong steps to institute effective administrative
8 controls over the sales of its products and services. The changes implemented
9 would never have been adopted had it not been for these external pressures.
10 It goes without saying that if the Company had implemented these controls at
11 the onset of incentive regulation, we would probably not be discussing the
12 subject today.

13
14 This is not the first time Southern Bell has been brought before this Commission
15 because of its abusive sales practices. In 1985, in Docket 850116, the PSC
16 Staff recommended a Show Cause order and a \$9000 fine because they had
17 evidence that showed the company was violating existing PSC rules by not
18 offering the least expensive services to its customers. In January, 1986, the
19 Commission voted not to fine the company, but Southern Bell was certainly on
20 notice as of that date that their sales procedures were suspect. Based on my
21 current review of Southern Bell procedures, it is very apparent that it was
22 common practice then to include all services in a single quoted price and use
23 what the company termed a "quick close" approach to clinch the sale. This
24 approach clearly violated the Commission rules, then, as well as now.

25

1 We are back here again with evidence dating as far back as 1987 that shows
2 the Company continued to abuse the rights of its customers. There appears to
3 be little evidence that the 1985 docket resulted in reform of the Company's
4 sales practices. The Commission now has an opportunity to take additional
5 steps to safeguard the rights of consumers. We are asking you to consider
6 new procedures and additional safeguards to insure that the activities of the
7 Company in the future are fully cognizant of the rights of its customers to
8 expect fair, honest and ethical treatment in all of their dealings with the
9 Company.

10
11 In addition to consumer safeguards, the Commission should penalize the
12 Company for the abuse of its customers. The Commission should send a
13 message that is loud and clear to Southern Bell and any others who might be
14 tempted to abandon their public trust in the future. That message should read,
15 "If you mistreat, abuse, cheat or defraud the citizens of the State of Florida,
16 your stockholders will pay dearly for your misdeeds." This Commission has no
17 real power over the management team of a Company that has abused its public
18 trust. The only effective way to deal with Southern Bell is to impose a penalty
19 of sufficient magnitude to insure that the Company's Board of Directors gets
20 the message and deals properly with the upper echelons of management that
21 allowed those practices to grow.

22 Q. Has the Company been guilty of falsifying its sales and fraudulently billing its
23 customers for services they did not order nor want?

24 A. Yes. The first part of this question deals with the Company. The second part
25 deals with activities of the Company's employees. In a large Company such as _

1 Southern Bell, one may assume that, to some extent, some individuals may
2 always be tempted to cheat the Company and/or its customers for personal
3 gain. A process of management controls and audits is absolutely essential to
4 weed out bad actors and deliver clear messages to employees that fraud, theft,
5 customer abuse, fraudulent activities, and other actions which are not in the
6 best interest of the corporation will not be tolerated.

7
8 One may assume that there has always been a small percentage of customer
9 abuse and even fraud in the sales process in Southern Bell. The Company is
10 responsible for each and every such fraud, whether it is one, or a million.
11 However, when each and every case of fraud, abuse or falsification is not
12 vigorously ferreted out, then the Company must be held liable for its failure to
13 properly manage the business with the best interest of its customers in mind.
14 **Widespread customer abuse and fraud has been allowed to grow and mature**
15 **during the late 1980's and into the 1990's because of the mismanagement of**
16 **sales operations and misguided priorities.**

17
18 Further, many of the excessive "sales" activities of the Company were
19 conducted by Network service personnel in a "boiler room" environment. The
20 activities of these special sales teams reduced the Company's capabilities of
21 providing basic services to its customers.

22
23 To restate it more simply, the Company is responsible for the failure of its
24 management team in Florida to correct abusive sales practices that were
25 allowed to exist between 1987 and 1990, even though many of these

1 practices were in violation of company policies and directives.

2 Q. Do you have proof of customer abuse in the conduct of the non-conduct sales
3 programs?

4 A. Yes. There is no question that it happened. The only questions are why it
5 happened and to what extent the abuses occurred.

6

7 In addition to the investigations of Public Counsel, the Attorney General and the
8 PSC Staff, the Company was also investigated by the Statewide Grand Jury
9 that was considering criminal charges for falsification of sales. The Company
10 settled with the Statewide Prosecutor by agreeing to make \$10.5 million of
11 refunds to customers who were targeted by the Network Sales programs
12 between 1987 and 1991. In addition, double billing of customers for inside
13 wire maintenance was uncovered as a result of the investigations, and the
14 Company had to refund \$1.7 million to those customers. Both of these rebate
15 programs are in addition to rebates which were already processed by the
16 Company during 1991 and 1992 amounting to over \$800,000. [REP-3]

17

18 The Statewide Grand Jury findings are consistent with the findings of Public
19 Counsel revealing that the Florida management team abandoned its public trust
20 by allowing its customers to be abused by fraudulent sales practices.

21 Q. You stated there were two types of sales activities that resulted in customer
22 abuse--non-contact sales and business office sales. Please discuss the non-
23 contact sales.

24 A. The primary responsibility for Southern Bell sales rests with the business office
25 (Customer Services) and Marketing departments. During the 1980's, the

1 Company introduced additional sales incentive programs to enlist the efforts of
2 its large work force of technicians and clerks in the sale of its vertical services.
3 These programs grew over the years in magnitude and scope until they were
4 canceled in 1992 as a result of the Statewide Grand Jury investigation.

5
6 These programs were called non-contact sales programs. When active, they
7 provided prizes and merchandise to those who sold optional services to
8 customers based on a percentage of the sales revenue. Through the years, the
9 programs expanded from an original concept involving recognition such as "T"
10 shirts, to prizes such as television sets, pool tables, and Caribbean cruises.

11 Q. What proof do you have that the non-contact sales programs resulted in
12 customer abuse and fraud?

13 A. The Company's own security investigation, conducted in Orlando between June
14 26 and October 3, 1990 [REP-4] resulted in the termination of three employees
15 due to the falsification of sales. In addition, three managers were suspended
16 and five other managers were disciplined. Two employees admitted that they
17 alone falsified the majority of 44,000 sales they had processed in Orlando.

18 Q. Did the Company expand its investigation after it discovered what had
19 happened in Orlando?

20 A. Yes. The Company followed its Orlando investigation with an internal audit
21 which was directed from company headquarters in Atlanta.

22 Q. What did the internal audit reveal?

23 A. The Southern Bell Internal Audit of Florida non-contact sales was conducted in
24 Florida following the Orlando investigation. This audit stated:

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Q. What is the relevance of SEQ1X?

A. SEQ1X is the billing code for the Inside Wire Maintenance plan offered by the Company. It includes maintenance of inside wiring and jacks, plus the isolation of troubles for \$2.50 per month. WMR is the code for the original inside wire maintenance service, which included only wiring and jacks. WMQ is the code for the original trouble isolation service, which was originally offered separately. When the combined plan (SEQ1X) was introduced, the separately priced plans, WMR and WMQ were grandfathered and no longer offered to new subscribers. When network personnel were falsifying sales, the normal procedure was to identify a customer with only WMR or WMQ and upgrade the customer to SEQ1X. This normally produced a \$1.00 per month increase in the customer bill, but the Southern Bell employee received sales credit on the entire \$2.50 per month for six months, or \$15.00.

Q. Since the company terminated its Orlando employees, why do you feel that mis-management was involved?

A. The entire network sales program was mis-managed and Orlando was simply the tip of the iceberg. Southern Bell's own audit of the network sales program

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Q. Please discuss the findings from the Southern Bell audit.

A.

Q. Has the company been forced to discipline its employees because of non-contact sales abuses?

A. Yes. In the Network organization, at least two managers were terminated and a total of twelve managers were disciplined for sales abuses. In addition, six Network craftpersons have been terminated for sales abuse since 1987. An unknown number of management personnel retired prior to the application of the discipline, such as the Vice President-Network and the General Manager-Network in charge of Southeast Florida where boiler rooms prevailed and significant sales falsifications were identified. In addition, all of the Network General Managers in charge of operations were disciplined, but it is not entirely clear whether their discipline related to sales abuse, falsification of repair records, or both. Mr. C. J. Sanders, Vice-President Network--South Area, a witness subpoenaed by Public Counsel, can speak to that subject, since he administered the discipline.

1 When you consider a grand jury report, a Florida Security Investigation, a
2 BellSouth Internal Audit, discipline of at least 12 people, 18 terminations and
3 approximately \$13 million of refunds, and numerous individual statements and
4 depositions, I believe it is correct to assume that the Company was responsible
5 for the falsification of sales to a large number of its subscribers.

6 **Q. Before the investigations in 1990, were there indications of customer abuse in**
7 **the sales process that higher management should have picked up on and acted**
8 **upon?**

9 **A. The answer to that question, I believe, is that a simple, inquiring mind could**
10 **have easily suspected consumer fraud and abuse in Florida's Network**
11 **organization. If Florida's top management was unaware of the problem of**
12 **consumer abuse and falsification of records, then they chose not to look.**

13
14 The Statewide Grand Jury report dated September 16, 1992 states: "Southern
15 Bell created, promoted and sustained an atmosphere that served to foster and
16 reward certain fraudulent practices...We believe that the Company
17 countenanced the conception of a culture that allowed corporate executives to
18 look the other way when the specter of consumer fraud stared them in the
19 face." [REP-1, pg. 2].

20 **Q. Do you have any examples that demonstrate higher management knowledge of**
21 **non-contact sales abuse before the investigations started?**

22 **A. Yes. The Company sales coordinators, as part of their job, produced a**
23 **continuous stream of employee information dealing with sales programs, prizes,**
24 **contest rules, weekly and monthly results, which were distributed to all levels**
25 **of the organization, covered in group meetings and posted prominently on**

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Company bulletin boards. Exhibit, REP-7A, is a sampling of those reports.

An inquiring mind could have easily determined that the Orlando Operations Manager's operation was different. It included "boiler room" sales, a number of dedicated network personnel working full time on "sales", who were adding many services to customer bills without the customer's knowledge and consent. Surely, someone in the corporation must have been interested in learning the secret for success of the Orlando Operations Manager.

to falsifying their sales and named their manager as the person who suggested the procedure. Surely, someone should have been interested in the reasons for the phenomenal success of Marsha Taylor, who was supposed to be working in the Maintenance Center. She produced 10 times more sales than the runner-

1 up in the contest and 140 times the sales of the third place finisher.

2
3 Then, one must also consider the case of Mr. George Sloan, who was supposed
4 to be a Services Technician in Orlando Network. He was selling at the rate of
5 \$1000 per day of revenue. That equates to 66 successful sales every day of
6 the contest from June 1 through December 31. Mr. Sloan's sales were
7 predominantly maintenance plan sales, which resulted in an average of \$15.00
8 per sale (six months' revenue).

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13 According to his signed statement, [REP-4], During this period (March 1989-
14 May 1990), I only submitted unauthorized referrals on the upgrade of the
15 Maintenance Plan. All other sales referrals that I submitted on Custom Calling
16 features or RingMaster were actual sales from a customer contact." The
17 analysis of Mr. Sloan's sales in this investigation indicated that he sold 25,292
18 Wiring Maintenance Plans and 119 other services.

19
20 Mr. Sloan's statement describes how he was introduced to the concept of
21 "assumptive sales". He stated, "My supervisor...came to me..to discuss my
22 low sales. He suggested that one way to increase my sales was to review
23 customer records and find those subscribers that have only the Inside Wiring
24 and Jacks Plan (WMR) and upgrade them to the full Maintenance Plan (SEQ1X),
25 without making a sales contact with the subscriber. He stated that the

1 subscriber really needed the upgrade, and it would only cost them an extra
2 \$1.00 per month that they would not notice on their bill."

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12 Exhibit REP-7C is an example of weekly sales results, which show not only the
13 wide variation of results in sales, but also the continuous prodding by network
14 managers who were urging their forces to increase their sales.

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16 The North Florida Network General Manager was also on top of the sales
17 results. The General Manager's motivational memo in March 1989 included the
18 following prophetic statement regarding the February results, "Orlando strikes
19 again!!" [REP-7D] They surely did.

20

21 Sales results were distributed throughout the organization, listing individual and
22 group sales. Review of the August report in Orlando for the NFL Sales contest
23 [REP-8A, pg. 1] shows the same two names, Sloan and Taylor, as
24 conspicuously different than the rest of the organization. Again, in November,
25 Sloan and Taylor are on top of the list [REP-8B, pg. 1]. No one else was close.

1 Why were they so successful? Did anyone ask?

2

3 Q. Was the problem confined to Orlando?

4 A. West Palm Beach also had a major problem that first surfaced in 1988 and
5 1989 but was ignored after being referred to Network. In explanation as to
6 why the falsifications occurred, West Palm Operations Manager L. E. Mixon's
7 stated:

8 "It is my sense that maybe the incentive awards drove the behavior that
9 resulted in this problem. The other sales driver was the higher
10 management motivation to enhance revenue."
11

12 In West Palm Beach, one service technician alone produced 54,000 "sales" in
13 1988 and 1989, all of which were later refunded. The commission, at the rate
14 of 10%, on 54,000 sales would have equalled \$61,000. The total revenue for
15 six months would have equalled \$610,000 (54,000 X \$15)
16

17 The West Palm Beach defalcation resulted in two terminations, one suspension,
18 one forced retirement, and more than likely a second forced retirement which
19 is unsubstantiated.

20 Q. How was it possible that such large numbers of customers were upgraded
21 without their consent? Wouldn't there have been complaints?

22 A. There are a number of good reasons to explain how it happened.

23 1--Inside Wire Maintenance Plans required no installation charges. Customers
24 could be upgraded without an installation or a service order charge, that would
25 be more easily detected on a bill.

1 2--The Company was only required by the PSC to itemize all of its vertical
2 services once a year, and customers were very likely to overlook the total
3 listing of all the services billed. Maintenance plans are itemized separately, but
4 there is nothing on the bill to indicate that the service is optional.

5 3--Most customers are totally ignorant regarding the plethora of charges they
6 find on their telephone bills. These bills include access charges, basic services,
7 miscellaneous services, wiring plans and various taxes. It is not unusual to find
8 new charges added to bills for services which the customers did not order or
9 want, i.e. access charges, 911 or local taxes.

10 4--I believe there was also an inherent trust that Southern Bell enjoyed with its
11 customers in the past that would have caused customers to assume the
12 Company's bills were correct.

13 5--My discussions with customers who have complained to the Office of Public
14 Counsel leads me to the conclusion that consumers seldom, if ever, read their
15 bills closely.

16 Finally, the amount of fraudulent billing identified by customers and reported it
17 to the business offices could be significantly larger than what has been
18 identified already. The company has no way of knowing how many customers
19 received a credit as a result of a business office complaint which was simply
20 handled and closed out in the daily course of business.

21 Q. What caused the Company to finally investigate to determine if sales were
22 being falsified?

23 A. The Company Security Department is charged with the responsibility of
24 investigating reports of falsification of records, theft or fraud. The initial
25 Security Investigation was requested by the Orlando Operations Manager in

1 June of 1990 after the Business Office Manager in Brooksville had forwarded
2 complaints about numerous cases of falsified sales to Brooksville subscribers.
3 The Orlando investigation was completed in October 1990 [REP-4], followed
4 by a BellSouth Internal Audit in all four states in late 1990 [REP-5].

5 Q. Did Network ask for the Security Investigation?

6 A. Yes, however, I don't believe the Network operations manager had any choice.
7 It is reasonable to assume that if the Orlando Network Operations Manager had
8 not notified Security, that the Brooksville Manager would have done so.

9 Q. What were the results of the Southern Bell Internal Audit?

10 A.

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I am not aware of the results of the South

14

Carolina audit.

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Q. What does

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Q. Does the BellSouth Internal Audit support your contention that customers were
22 billed for services they did not order and did not want?

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This is an understatement if there ever was one. From 1987 until 1990, there was no sales verification program of any type that I was able to discover in the Network organization. Through the review of thousands of documents, I have yet to find any evidence that Network verified any of its sales. Network operations managers had no instructions which I could discover that included the control and administration of sales efforts.

The South Florida Network organization had terminated several employees for falsification of sales in 1987. The need for controls and audit procedures in non-contact sales should have been identified at that time by higher management and implemented throughout the state.

The absence of solid controls and procedures contributed to a loose operation that accommodated and allowed customer abuse to occur. It also created a number of other problems which are spelled out in the body of the audit.

Q. Did these audits reveal double billing for services?

A. Yes. The Company found out after the audit that approximately 24,000 access lines were improperly billed for Inside Wire Maintenance Plans that included double billing and other errors. The Company had to refund almost \$2 million to customers who were double billed. Exhibit REP-14 is an example of the printouts which clearly demonstrate that the billing system allowed customers to be billed more than once for the same maintenance plan. It's hard to believe

1 that the billing system failed to have edits to preclude double billing for the
2 same service (USOC--Universal Service Order Code, i.e. SEQ1X), or for double
3 billing for the old and new plans. Exhibit REP-15 is a copy of company
4 correspondence that explains the problem and requests edits to avoid the
5 problem in the future.

6
7 The absence of edits to preclude double billing may have contributed
8 significantly to Florida's billing problems. The Florida Network organization
9 used a maintenance record called the DLR (Display Line Record) for many of its
10 boiler room sales efforts. The DLR records were intended for maintenance use
11 only. They were not extracted from the billing system and the records were
12 out of date. It doesn't make sense that 24,000 customers knowingly
13 purchased services they were already paying for. Network personnel, who
14 were processing thousands of falsified orders for Wire Maintenance Plans, may
15 have unwittingly added services to customer accounts who already had the
16 service, resulting in double billing. Florida's 24,000 errors constituted 70% of
17 Southern Bell's total billing errors, so it is safe to assume that something
18 unusual was happening in Florida that was not happening elsewhere.

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20 Q.

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Q. Please describe the various sales plans introduced by the Company.

A. Eight different non-contact sales programs were identified and they are listed in Exhibit REP-9. These programs were implemented by the Network organization from 1987 through 1991.

The most prominent programs during the 87-91 time frame are as follows:

1987	YOUR MARKETING IMAGINATION	REP-10A
1988	IN PURSUIT OF PROFITS	REP-10B
1989	THE ULTIMATE CHALLENGE	REP-10C
1990-91	FLORIDA GOLDLINE	REP-10D

Employees were tempted by a wide variety of prizes and awards available to contest winners. Prizes generally consisted of merchandise or catalog sales items awarded to individuals based on points earned from sales. During the 1987 to 1991 time frame, awards have included pool tables, camcorders, television sets, VCRs, computers and Caribbean cruises. In most of the contests conducted during the 1987-1989 period, managers and supervisors received additional awards based the sales of the people reporting to them. Exhibit REP-11 shows the total amount of awards which Marsha Taylor earned in 1988 and 1989, which totaled \$10,467.

Q. What credit did the technicians receive for their sales?

1 A. During 1987-89 most of the plans specified a 10% credit of six months of
2 revenue for the item sold, which was redeemable for merchandise. This credit
3 applied when the employee negotiated the sale. When sales were referred to
4 the Business Office for completion with the customer, only 5% of the revenue
5 was credited. Network employees were thus provided a powerful incentive to
6 "negotiate" the sale in its entirety without referral to the Business Office,
7 because they received twice the credit.

8 Q. Did management share in the awards?

9 A. The first three levels of management received credit for percentages of the
10 sales, so the more sales that were reported by the individuals in a manager's
11 organization, the more prizes were available to the managers. When George
12 Sloan was generating \$1000 per day in bogus sales, he was also receiving
13 \$100 per day in merchandise and his managers were earning \$60 per day from
14 his efforts alone.

15 Q. So the sales abuses were created by a combination of factors?

16 A. Definitely. As the Network organization produced significant new "sales"
17 revenues, the corporate financial goals were enhanced. In BellSouth, a portion
18 of every manager's salary is based on corporate profits. Manager bonuses,
19 which are called Team Incentive Awards, are based on achievement of service
20 and financial objectives established for the state as a whole. Every manager
21 in the state benefitted from Network's bogus sales.

22 Q. Is there some significance to the fact that Florida management was receiving
23 salary bonuses due, in part, to the Network Sales?

24 A. Yes. The large volume of falsified sales processed in 1988 and 1989 produced
25 some complaints and suspicions. However, time after time, the problems were

1 simply relayed to the local managers and subsequently forgotten. The mindset
2 of the Company during this period was riveted on the revenue stream, as
3 opposed to the validity of the sales process.

4
5 The sales coordinators did not view it as part of their job to insure that sales
6 were accurate and honest, assuming that local managers would deal with those
7 responsibilities. When improper sales were referred to Liz Sutton, the Network
8 Sales Coordinator, she simply referred them to the local managers for handling.
9 When improper sales were first uncovered in West Palm Beach by the Business
10 Office, the problem was simply referred to the Network organization for
11 handling. Later, in West Palm Beach, the Business Office refused to input
12 Network sales because they felt the sales were not valid, the Network
13 organization was able to first input their own service orders, and later, with the
14 assistance of the statewide coordinator, it was arranged for an Atlanta
15 telemarketing firm to input the sales, thus bypassing the Business Office
16 entirely. Finally, when the Operations Manager in charge of Customer Services
17 in West Palm Beach notified his General Manager in charge of South and
18 Southeast Florida Customer Services that he felt Network was falsifying its
19 sales, the General Manager claims he forgot the conversation. He did nothing.

20 Q. You mentioned a cruise. Was this also available?

21 A. The Florida Cup Challenge in 1987 resulted in a Caribbean sailboat cruise for
22 prize winners and top management which cost \$86,000. In 1990, a Dodge
23 Shadow was awarded as part of the prize structure.

24 Q. Were there controls on the amount of money the Company could spend?

25 A. The Company's executive instructions contain a policy statement that limits

1 incentive awards to .3% of the organization's management salaries. However,
2 the management salaries of Network, for instance, have no relationship to the
3 revenue requirements of a vertical service (i.e. Custom Calling) offered under
4 the Company's tariffs. I was unable to discover any checks and balances
5 between the expenses incurred for sales programs and the prices established
6 for the products sold. Since corporate Product Managers had no control over
7 the programs implemented in Florida, they were obviously unable to control the
8 expenses of their products.

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Q.

A.

Q. Were any attempts made to correct the Company books?

A. I have read one of the post-audit documents that indicates the Company was attempting to correct its 1990 books to reflect the expenses for the investigation as well as to capture some of their boiler room expenses. It is highly unlikely that anyone knows how much time the 3,000 Network employees involved in the sales program spent on unregulated sales from 1987 through 1991. In our depositions of Network employees, we have repeatedly asked if they charged their sales time to any special codes and, with rare exceptions, the answer is no.

Q. Why is this portion of the audit important?

A. Basic Inside Wire was the first product this Commission deregulated. At that time Southern Bell was allowed to keep all of the profits from inside wire and establish prices based on what the traffic would bear.

1 extra-ordinary event. Without the audit, Southern Bell would still probably be
2 charging their unregulated sales time to basic ratepayers.

3 Q. Don't the security investigation and internal audit support the Company's
4 contention that "we found it, we fixed it?"

5 A. Not at all. I believe the investigation and audit reveal that these problems had
6 been allowed to exist and to grow over a period of years. The company is
7 correct in that it found the problem, but it simply ignores the question
8 surrounding its lack of interest in consumer safeguards in prior years.

9

10 Q. Were there any prior indications that there may have been problems with the
11 Company's administration of its sales programs?

12 A. Yes. In 1986 BellSouth was monitoring the results of a California PSC
13 investigation into abusive sales practices that was similar to the 1985 Florida
14 PSC case. In California, Pacific Bell was fined \$50 million because of over-
15 zealous sales. Southern Bell documents indicate that both South Central and
16 Southern Bell sales procedures were similar to those used in California. (Exhibit
17 REP-26) The company was aware, then, that its sales policies did not include
18 full disclosure to customers.

19 Q. Were there other early indications in non-contact sales?

20 A.

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Q. You have already mentioned numerous indications of knowledge by higher management of problems in the non-contact sales programs. Were there any other indications of problems with the sales programs that surfaced before the Security Investigation and BellSouth Internal Audit?

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Portions of Ms. Prieto's report are contained in Exhibit REP-16. Ms. Prieto's observations support my observation very well, I believe, that the Company was engaged in a flurry of revenue enhancement programs in the late 1980's that were out of control.

When you consider all of the inputs, studies, audits reports, complaints, signals and opportunities I have described to you in this testimony, it is reasonable to conclude that the Company mismanaged its non-contact sales operations in Florida, resulting in customer abuse and abandonment of the public trust.

Q. How much did the Company actually spend on awards?

A.

Q. Has the corporation implemented any changes since the Security Investigations and Internal Audit?

A. Numerous changes have been implemented to correct the problems of the past. First, the Company canceled the Florida Gold Line Program in 1991. Exhibit REP-17 is Joe Lacher's letter which canceled awards provided for sales referrals. Mr. Lacher's announcement stated:

"I have asked that our non-contact employee sales referral program, . . .

1 Florida GoldLine, be closed immediately and that there be no non-
2 contact employee sales referral program in the state of Florida for the
3 foreseeable future."

4 Q. What other changes were implemented?

5 A. In February 1991, the Company put a stop to a variety of methods and
6 procedures used by Florida management to "stimulate" employee sales. (REP-
7 18A) The measures included the following:

- 8 -- Random drawings should not be utilized to determine "winners".
- 9 -- Recognition items should have a limited value (suggested value
10 \$100.00 or less).
- 11 -- Management employees would generally not receive award credit
12 for sales efforts of their non-management employees.
- 13 -- Sales efforts are not conducted outside of working hours.
- 14 -- Departmental verification process (a "check point") necessary to
15 ensure sales results are in order.
- 16 -- Employee should not get credit in more than 1 recognition
17 program for a single sale.
- 18 -- Any programs related to non-management in the Network and
19 Customer Service Departments will involve Personnel coverage
20 of CWA (Communications Workers of America) key
21 representatives in advance of program implementation.
- 22 -- Employees will not be relieved from regular duties to work full
23 time on sales.
- 24 -- In the Network Department, per grievance settlement at
25 Headquarters, recognition awards will not involve gift certificates.

1 which can be redeemed at retail stores for merchandise, service,
2 travel, etc.

3 -- Emphasis should be on recognition, not reward for sales
4 performance.

5 -- Ongoing auditing and program administration are the
6 responsibility of Department management and such responsible
7 person(s) should be named in the proposal.

8 This simple two page statement, if implemented in Florida in 1987, would have
9 prevented the worst scandal in the history of the Company and protected
10 thousands of customers from needless abuse.

11 Q. Have there been other reforms announced by the Company?

12 A. Yes. As I stated, Joe Lacher canceled non-contact sales programs in Florida in
13 August of 1991 "for the foreseeable future". However, other Southern Bell
14 states are free to continue. Judy North, Vice President-Marketing advised the
15 corporate officers in August 1991 of the new corporate policies for non-contact
16 employee sales campaigns. All of the states were asked to phase out their
17 current programs. Although she announced no specifics, her letter stated the
18 following:

19 "...before we begin, we want to put in place a tight audit process, as
20 well as a system that will allow us to track the incremental revenue
21 such a program produces." [REP-18B]

22 Once again, a good thought, only four years late.

23 Q. Please describe the results of your investigation into the sales practices in the
24 business offices of the company.

25 A. Business Office, or Customers Service practices and procedures were the _

1 source of the 1985 Show Cause Order that the PSC failed to approve.
2 Business Office Service Representatives are the primary contact between the
3 company and its customers, accounting for millions of transactions yearly. It
4 is extremely important, we believe, that these transactions are conducted with
5 the highest level of integrity. We have found that not to be the case and the
6 source of the problem is, again, the company's pursuit of increased revenues.

7 Q. Didn't the agreement with the Statewide Prosecutor include changes in the
8 Business Office?

9 A. Yes, the review program included numerous conditions to deal with perceived
10 customer abuse in the Business Office. Included in this review program was:

- 11 1--Institution of an Ethics Program
- 12 2--Creation of a corporate Responsibility and Compliance Office
- 13 3--Written confirmation of every new sale of optional services
- 14 4--Revised sales training requiring full disclosure of optional services
- 15 5--Cancellation of all non-contact sales programs
- 16 6--Increased monitoring of sales contacts
- 17 7--Self-inspection programs in each sales office to monitor compliance
- 18 8--Enhanced internal auditing

19 While we are, of course, not privy to the Grand Jury deliberations, the results
20 of the settlement are a clear indication that this group had found Southern
21 Bell's business office sales procedures to be lacking in terms of consumer
22 protection. I believe the settlement clearly supports my contentions that there
23 were major problems in the business office.

24 Q. How does the Company control the quality of its sales efforts?

25 A. The old BellSouth Practices for service evaluations are contained in Exhibit REP-

1 19. Page 2 of this exhibit shows that Service Representatives would be subject
2 to six observations per month. Considering the fact that employees know
3 when service observing is taking place because of a visual warning light, it
4 would appear that the Company had only minimal controls in place to insure
5 that customers were treated fairly and honestly.

6
7 The 1989 Service Evaluation/Sales Performance Quality practice contains 33
8 pages, including exhibits. Ethics and integrity receive only minor mention in
9 this document. [REP-20]

10
11 Exhibit REP-21 is an overview of the current "Florida Centralized Observing
12 Team". This team will be conducting remote observing of Service
13 Representative contacts with customers throughout the state. The document
14 covers fully and completely, from the first page to the last page, the issues of
15 ethics violations or customer abuse. Specific instructions are included in this
16 document to tell the observers how to handle ethics violations or customer
17 abuse. Page 1, the Florida Centralized Observing Unit Summary, has specific
18 locations on the form to record **Deviations from Procedures, Questionable Sales**
19 **Techniques and Added Service Without Negotiation.**

20 Q. Should the company have implemented more adequate controls prior to the
21 audit?

22 A. It's inconceivable to me that management did not have sufficient monitoring of
23 its customer contacts to achieve honesty and integrity in the sales process.
24 With alert management in Customer Services, abusive sales practices should
25 have been nipped in the bud. I believe the problem here, once again, stems

1 from the priorities of higher management--priming the revenue pump during
2 the incentive regulation period.

3
4 Southern Bell manages its business by forms. If a subject or topic is not
5 included in a form, it's not important. A review of observing practices past and
6 present is a good indicator of the Company priorities, past and present. There
7 is little or no documentation in the old practices to indicate the Company set
8 a high priority on ethical, honest dealings with its customers.

9 Q. Didn't the Company require employees to sign a copy of the form "Your
10 Personal Responsibility" annually?

11 A. Yes. The form was, among other things, a statement that the person will
12 observe ethical behavior and report violations. However, this is the same old
13 form the Company has passed out for years. The supervisors pass out the
14 forms in January of every year. The employees sign them. The supervisor
15 picks them up. There is no discussion and no emphasis. It's simply paperwork
16 required by Personnel and its primary concern was to avoid conflicts with
17 suppliers, vendors and release of proprietary information to competitors.

18 Q. How are the goals of the Company expressed to its employees?

19 A.

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Q. Were sales the number one priority?

A. Financial results receive top priority over service. The Company's TEAM incentive awards gave twice the weighting for financial results as were given for service results.

Marketing and sales were high priority items that were continually stressed by higher management. As Buddy Henry, formerly in charge of Florida operations, used to say repeatedly in his meetings with employees, "Everyone is in Marketing." Today, as a result of this investigation and the agreement with the Statewide Prosecutor, the focus is on Ethics. Exhibit REP-20 shows you how Southern Bell communicates a high priority to its employees. Since 1991, the Company has distributed paperweights, key chains and posters; sent out 8 letters to employees; and published 9 articles, all on the subject of ethics. Of course, this is all after the fact, after the customer abuse was made public.

Q. Did higher management fail to act on a timely basis about complaints of customer abuse and fraud in Customer Services?

A. In 1985, the Company successfully avoided a Show Cause order in Florida due to failure to fully disclose the optional nature of services and the most economical service. In 1986, the Company acknowledged it was vulnerable to the same type of action as Pacific Bell experienced with the California Commission regarding customer abuse due to sales practices.

1 In 1987, CWA, the bargaining agent for employees, brought to the attention of
2 the top management in Customer Services the problems resulting from
3 excessive sales pressure--cheating and customer abuse. The minutes from this
4 meeting are contained in Exhibit REP-27. The meeting included top officials
5 from CWA and BellSouth, including Service Representatives from all areas of
6 the company and a Southern Bell Assistant Vice President. Quoted below are
7 some of the highlights of the meeting:

8 Jo Streeper (CWA) read report on unfair distribution of sales credit
9 between commercial and plant department. Shelba Hartley (CWA) said,
10 "All it has done was cause a lot of cheating."

11
12 Kay (CWA): Plan to bring up a problem in all nine states. "Creative
13 Selling" (cheating) causes inflated percentages. Have over-achievers in
14 any office and I'm not saying that every person who has high sales
15 cheats; but enough do that I feel should set objectives taking this into
16 consideration. Used example of prestige being fraudulently sold.

17
18 Shelba (CWA): We are having problems. That is what this is all about.
19 That's why you have all this cheating going on. People are trying to
20 keep their jobs anyway they can.

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22 Paula (CWA): The customers are the ones who suffer from all this.
23 Read 12 months of Telsam reports in which customers complained of
24 "sales" they hadn't ordered on their line....
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Shelba (CWA): Only the people who are low in sales are talked to or disciplined. The people who are high sellers-management covers up for them.

Francis(CWA): Management knows and looks the other way.

Shelba (CWA): Cited cases where people have known and hushed up cases because it makes management look good.

Dennis Allen (Southern Bell AVP): John Clendenin believes in customer first. So does Dennis Allen. The integrity issue needs to be addressed before this committee lets out.

Based on the company's response to the discovery requests of Public Counsel, Dennis Allen's comments were the last we heard about the integrity problem. The Company maintains its minutes from the meeting contained no references that cheating was discussed. The company's response to the discovery questions of Public Counsel are contained in Exhibit REP-28. This response was received prior to the time when Southern Bell was made aware of the fact that we had obtained copies of CWA's minutes of the meeting.

Five years later, in 1993, the company implemented an Ethics Program in Florida as a result of its settlement with the Statewide Prosecutor. The company failed to deal with its ethics problems in 1985, 1986 and again, in 1987, because their priorities were directed toward revenue stimulation.

1 Five years after Assistant VP Allen was told about cheating in the business
2 office, the company decided to discuss with each employee the requirement
3 that all items of service placed on a customer's record must be negotiated and
4 agreed to by the customer. (See Exhibit REP-29) This new policy introduced
5 in 1993 includes placing a notation in every employee's record of the date and
6 time of their coverage on this subject. Once again, an excellent idea executed,
7 but five years too late. Southern Bell, what took you so long?

8 Q. This was a meeting between BellSouth and CWA. How does it relate to Florida
9 operations?

10 A. BellSouth is, of course, the parent company for Southern Bell. More
11 importantly, the primary decision-makers for Customer Services are located at
12 the corporate headquarters. These are the people with whom CWA was
13 negotiating. In addition, Shelba Hartley, a CWA representative works in
14 Jacksonville and Jo Phillips, a management representative, works in South
15 Florida. Both attended the meeting.

16 Q. Didn't the Company clean up its act in 1990 as a result of the internal
17 investigations into sales?

18 A.

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1 The company's problems with sales by Service Representatives in Florida have
2 continued to grow since 1990. Since Southern Bell and South Central were
3 combined into BellSouth Telecommunications, Florida has accounted for over
4 half of all of the discipline for the entire nine-state company. Since mid-1991,
5 the company has terminated 14 Service Representative in Florida because of
6 sales abuses, while 22 others were warned or suspended. Florida's discipline
7 is way out of line compared to other states and I believe it is because of the
8 excessive pressure placed on sales by Florida management. **D i d t h e**

9 **Company enter into**
10 **an agreement with**
11 **the Statewide**
12 **Prosecutor that the**
13 **PSC should consider?**

14 A. Yes, the Company's agreement with the Statewide Prosecutor should be
15 mirrored by a PSC order to insure that the corrective measures are extended
16 into the foreseeable future. These measures are described in Exhibit REP-3, pg.
17 20.

18 Q. Are any other measures appropriate for the consideration of the Commission?

19 A. Yes, the Statewide Prosecutor stated that Telephone Companies are not
20 covered by the Consumer Protection and Telemarketing Acts currently on the
21 books. Sections 501.212 and 501.604, Florida Statutes, specifically exempt
22 utility activities regulated by the PSC. Public Counsel recommends that the
23 PSC immediately engage in rulemaking to place the bulk of these consumer
24 protection laws into the rules and regulations of this Commission, on an
25 accelerated basis.

1 At a minimum, the Commission should ensure the same level of consumer
2 protection for monopoly telephone customers as are guaranteed to customers
3 of unregulated commercial businesses.

4 Q. Are there additional changes needed in the sales process?

5 A. Definitely, yes. Public Counsel witness, Mark Cooper, has provided specific
6 recommendations you should consider. Southern Bell Service Representatives
7 handle over 5 million customer contacts yearly in Florida. Unfortunately, many
8 of these customers have language difficulties, or are disadvantaged. If the
9 Company is only interested in its revenues, then these are the people who are
10 the prime targets of over-aggressive sales programs. It is extremely important
11 that the Service Representatives be given the freedom to provide service first,
12 and to sell only when it is appropriate.

13

14 I believe the single most important factor that causes Service Representatives
15 to cheat is the sales quota. Every Service Representative has a quota and it
16 generally goes up every year. An employee in fear of the loss of their job
17 because they are failing to meet the quota is a prime candidate to take
18 advantage of a customer.

19 Q. Does the company have a sales ethics problem?

20 A. Yes, the BellSouth Ethics Assessment conducted in 1992 left little doubt that
21 there is still tremendous pressure on the sales and revenue streams of the
22 company. Exhibit REP-33 contains the comments of company personnel
23 regarding the sales process.

24 Q. Are there other significant problems that deserve the attention of the
25 Commission?

1 A. One of the puzzling things about the Business Office operations during the past
2 two years is that they have increased their discipline for poor sales and at the
3 same time they have been terminating more employees, primarily for ethics
4 violations. Exhibits REP-32 and REP-30 are statements from two of the service
5 representatives terminated by the company, Barry Unger and Ray Melesky.

6
7 Both Unger and Melesky feel they were really terminated for reasons other than
8 ethics violations. They were beginning to resist the sales process. They were
9 concerned that the company's sales processes were taking advantage of poor
10 people and customers with language difficulties. In both cases, Unger and
11 Melesky were terminated due to ethics violations.

12
13 I believe that low volume sellers may be more subject to ethics violations than
14 the high sellers and that the company continues to take advantage of its
15 customers who fall into the low income or language disability categories.

16
17 In addition, Service Representatives are still required to bridge on every contact
18 with a customer to attempt to sell additional services.

19
20 My recommendations are that the Commission take the following actions:

21 1. Order the company to implement a "service first" policy in its business
22 offices to place primary emphasis on service in the evaluation of Service
23 Representatives.

24
25 2. Order the company to eliminate individual sales quotas and sales

1 commissions for Service Representatives.

2

3 3. Order the company to eliminate the requirement for bridging on virtually
4 every contact.

5

6 4. Order the company to require Service Representatives to complete the order
7 for basic service, including establishing the due date prior to engaging in the
8 sale of vertical services.

9

10 5. Conduct annual compliance audits of the Company's sales operations to
11 insure that customers are treated fairly.

12 Q. Should the Commission take any additional action regarding the falsification of
13 sales and customer abuse issues in this docket?

14 A. The question of penalties for the Company's actions was left to the PSC by the
15 Statewide Prosecutor's office. I have also addressed this issue in the context
16 of my testimony submitted in Docket 910163-TL. However, the two dockets
17 are totally separate and they address distinctly different responsibilities of the
18 Company. Therefore, consideration of the appropriate penalties should be kept
19 separate. As a result of sales fraud and customer abuse, I recommend that the
20 Commission impose a mismanagement penalty equal to one percent (1%) return
21 on equity, equal roughly to \$34 million annually for a period of five years. In
22 addition, I propose that the Company be fined \$1,000,000 due to the
23 extraordinary expense required within the resources of state government to
24 pursue this lengthy investigation.

25 Q. What is the maximum penalty the Commission could apply in this case?

1 A. State law limits the Commission to a maximum penalty of \$25,000 per offense
2 per day. If you simply calculated the number of Orlando and West Palm Beach
3 sales that were refunded, it would equal \$1.7 billion. The Commission,
4 obviously, has wide latitude for corrective action in this case. The size of the
5 penalty might appear large, to some people, but you must realize that the total
6 annual revenues of Southern Bell in Florida is \$3 billion. The proposed penalty
7 is only one percent of annual revenues.

8 Q. Are there other options available to the Commission other than a three year
9 penalty?

10 A. Yes. It's difficult for the Commission to apply a five year penalty in earnings
11 because rates are generally established for longer periods of time. The
12 Commission might consider coupling the proposed penalties in this docket and
13 the company reengineering effort that is forecast to produce over \$100 million
14 in savings starting in 1996. This approach would provide immediate funding
15 for restructuring of rates.

16 Q. Are there precedents for such a penalty?

17 A. This Commission has the power to penalize a Company for the abuse of its
18 customers. The most recent example of such a penalty for mismanagement is
19 Gulf Power, which was penalized for mismanagement in Commission Order No.
20 23573. The Commission concluded in that case that "this record reflects a
21 disregard for the ratepayers and public service, however. Accordingly, we will
22 reduce Gulf Power Company's ROE by fifty (50) basis points for a two year
23 period." The Commission order had cited corrupt practices and illegal/unethical
24 behavior of the Company and applied the penalty "as a message to
25 management that the kind of conduct discussed would not be tolerated for _

1 public utilities in Florida."

2

3 The Florida Supreme Court upheld the Commission's actions in the Gulf Power
4 case on April 8, 1992, Case No. 77,153.

5 Q. Hasn't Southern Bell already been penalized enough?

6 A. Southern Bell has not been penalized. It has only been required to refund
7 money it didn't earn in the first place. The Statewide Grand Jury left to the
8 PSC the determination of an adequate penalty. The only real issue in this
9 docket, in my opinion, is how much a penalty the Commission should impose.

10

11 As Joe Lacher, currently in charge of Florida operations, recently stated, "No
12 KSRI (Key Service and Revenue Indicator). No Sale. No activity is worth
13 compromising our integrity to achieve it." Of course Southern Bell in Florida is
14 going to be making a lot of statements like this in the future because they must
15 meet the conditions imposed upon them by the Statewide Prosecutor. They
16 have no choice.

17

18 Joe Lacher's recent statements are a tacit admission that KSRI's were
19 compromised and sales were falsified and he's now trying to change that.
20 Why? Because Southern Bell's abusive sales practices were made public. But
21 the issue in this docket is not what they are doing today, but what they were
22 doing during the incentive regulation period and why they were not making
23 these speeches then?

24

25 It is important, I believe, that the PSC deliver the message to this Company and

1 to all others subject to its control that **ABUSE OF THE PUBLIC TRUST WILL**
2 **COST THEM A GREAT DEAL OF MONEY.** It is the only type of justice they will
3 truly recognize. The fact that the resolution of this case comes four years after
4 its inception is a tribute to the perseverance of Southern Bell's Legal
5 Department. This should not deter the Commission from taking the most
6 appropriate action, no matter how long it takes for the regulatory wheels to
7 grind.

8 Q. Please summarize the main points of your testimony.

9 A. I made 11 major points in my testimony. They are as follows:

10 **ONE**

11 **THE COMPANY IS RESPONSIBLE FOR THE FAILURE OF ITS MANAGEMENT**
12 **TEAM IN FLORIDA TO CORRECT ABUSIVE SALES PRACTICES THAT WERE**
13 **ALLOWED TO EXIST BETWEEN 1987 AND 1990. [PAGE 6]**

14 **TWO**

15 **THE COMPANY COUNTENANCED THE CONCEPTION OF A CULTURE THAT**
16 **ALLOWED CORPORATE EXECUTIVES TO LOOK THE OTHER WAY WHEN THE**
17 **SPECTER OF CONSUMER FRAUD STARED THEM IN THE FACE. [PAGE 11]**

18 **THREE**

19 **NUMEROUS EMPLOYEES WERE DISCIPLINED FOR IMPROPER SALES**
20 **ACTIVITIES IN A COMPANY INVESTIGATION CONDUCTED IN 1990. [PAGE**
21 **8]**

22 **FOUR**

23 **THE COMPANY WAS RESPONSIBLE FOR THE BILLING OF SERVICES NOT**
24 **ORDERED BY THEIR SUBSCRIBERS. [PAGE 11]**

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SIX

THE ABSENCE OF SOLID CONTROLS AND PROCEDURES CONTRIBUTED TO
A LOOSE OPERATION THAT ACCOMMODATED AND ALLOWED CUSTOMER
ABUSE TO OCCUR. [PAGE 18]

SEVEN

THE COMPANY HAD TO REFUND ALMOST \$2 MILLION TO CUSTOMERS
WHO WERE DOUBLE BILLED. [PAGE 18]

EIGHT

EVERY MANAGER IN THE STATE BENEFITTED FROM NETWORK'S BOGUS
SALES. THE MINDSET OF THE COMPANY WAS RIVETED ON THE REVENUE
STREAM, AS OPPOSED TO THE VALIDITY OF THE SALES PROCESS. [PAGE
21]

NINE

TEN

IT IS REASONABLE TO CONCLUDE THAT THE COMPANY MISMANAGED ITS
SALES OPERATIONS IN FLORIDA, RESULTING IN CUSTOMER ABUSE AND
ABANDONMENT OF THE PUBLIC TRUST. [PAGE 28]

ELEVEN

1 THE COMPANY WAS ALERTED TO THE ABUSE OF CUSTOMERS AND THE
2 FALSIFICATION OF SALES IN THE BUSINESS OFFICE IN 1985, 1986 AND
3 1987 AND FAILED TO TAKE ACTION. (PAGE 42)

4 TWELVE

5 I RECOMMEND THAT THE COMMISSION REDUCE THE COMPANY'S RATES
6 TO IMPOSE A 1% PENALTY ON EARNINGS FOR A PERIOD OF FIVE YEARS
7 AND IMPOSE A \$1,000,000 FINE AS A MISMANAGEMENT PENALTY. [PAGE
8 45]

9 Q. Does this complete your testimony?

10 A. Yes, it does.

11

DOCKET NO. 900960-TL
EXHIBITS OF R. EARL POUCHER
OFFICE OF PUBLIC COUNSEL

<u>EXHIBIT</u>	<u>TITLE</u>	<u>EXH.#</u>
REP-1	Advisory Opinion--10th Statewide Grand Jury	---
REP-2	Final Report--10th Statewide Grand Jury	---
REP-3	Settlement Agreement--Statewide Prosecutor	---
REP-4	Security Investigation--Orlando	---
REP-5	Internal Audit--Non-Contact Sales--Florida	---
REP-6	Sales Related Discipline	---
REP-7A	General Manager Sales Reports	---
REP-7B	Million Dollar Challenge Winners	---
REP-7C	Weekly Sales Reports	---
REP-7D	General Manager Memos	---
REP-8A	August Report--NFL Sales	---
REP-8B	November Report--NFL Sales	---
REP-9	List of Sales Programs	---
REP-10A	Your Marketing Imagination--1987	---
REP-10B	In Pursuit of Profits--1988	---
REP-10C	Ultimate Challenge--1989	---
REP-10D	GoldLine--1990/1991	---
REP-11	Individual Award Totals--Marsha Taylor	---
REP-12	Internal Audit-1988	---
REP-13	Internal Audit--North Carolina & Georgia	---
REP-14	Reconciliation Sample	---
REP-15	Edits for Inside Wire Codes	---
REP-16	Analysis of Sales Plans	---
REP-17	Cancel GoldLine	---
REP-18A	New Policies--1991	---
REP-18B	New Policies--1992	---
REP-19	Old Service Observing Practice	---
REP-20	New Ethics Programs	---
REP-21	Ethics Observations	---
REP-22	Services Added Without Negotiation	---
REP-23	Questionable Techniques Used	---
REP-24	Deviated From Procedures	---
REP-25	Florida Sales Audit, October 31, 1991	---
REP-26	California PSC Penalty	---
REP-27	CWA/BellSouth Meeting	---
REP-28	Company Unaware of Cheating	---
REP-29	Employee Entry on Disclosure	---
REP-30	Statement of Ray Melesky	---
REP-31	North Florida Discipline	---
REP-32	Statement of Barry Unger	---
REP-33	BellSouth Ethics-Sales Issues	---
REP-34	Summary, North Florida Investigation	---

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Show Cause proceeding against)
Southern Bell Telephone and Telegraph)
Company for misbilling customers)

Docket No. 900960-TL
Filed: November 8, 1993

EXHIBITS

OF

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On Behalf of the Citizens of The State of Florida

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IN THE SUPREME COURT OF THE STATE OF FLORIDA

JANUARY TERM, 1991

CASE NUMBER 78,035

FILED - *Sealed*

9-16-92

Sid J. White, Clerk

Supreme Court of Florida

By: *Michael Williams*
Deputy Clerk

Advisory Opinion
of the
Tenth Statewide Grand Jury
SWP Case Number 91-7-NFB

A TRUE COPY

Attest:

SID J. WHITE, Clerk

Supreme Court of Florida

by: *Michael Williams*
Deputy Clerk

In July of 1991, the Tenth Statewide Grand Jury embarked upon an investigation of possible fraudulent business practices by Southern Bell Telephone and Telegraph Company (the "Company") and its employees. Our inquiry focused on allegations of misconduct in four major categories: (1) the intentional overbilling of customers through the fraudulent "sale" of optional telephone services by Company employees whose primary responsibility was the installation and repair of telephones; (2) the intentional failure to repay customers for overbillings which the Company discovered during its own analysis of some of its billing records; (3) the intentional failure to pay required compensatory rebates for non-working telephone service to customers who notified the Company that their telephone was out of service; and (4) the intentional failure of the Company to properly report trouble and repair information to the Public Service Commission (the "Commission").

During the course of this detailed investigation, numerous witnesses testified, including former and current Company employees, ranging from craft level workers to executive officers. Also during this investigation a multitude of Company documents were examined and analyzed.

After careful deliberation of the evidence produced, we have determined that Southern Bell created, promoted, and sustained an atmosphere that served to foster and reward certain fraudulent practices. As one example: The Company established an extensive sales incentive program that included such prizes as cruises and appliances, which amounted to an engraved invitation for both craft employees and management alike to commit fraud on unsuspecting and defenseless customers by "selling" them services they did not need or want. The program was rife with overt pressure on employees to produce sales, but contained no provisions for verification of actual sales activity. By this and similar actions, we believe that the Company countenanced the conception of a culture that allowed corporate executives to look the other way when the specter of consumer fraud stared them in the face.

The individuals currently in charge of the Company have become aware of our investigation and they have promised to eliminate the Company's suspect sales and refund practices, many of which were uncovered as a direct result of our inquiry. We are gratified by their repentant and responsible attitude, which has been reflected in the recent implementation of revised sales practices, refund programs, and an emphasis on ethics training for all employees.

The Company has requested that the Statewide Prosecutor, this body's Legal Adviser, resolve our investigation short of criminal prosecution of the Company. As a result, the Tenth Statewide Grand Jury has considered a proposed settlement agreement between the Company and the Office of Statewide Prosecution.

In the proposed settlement agreement, Southern Bell agrees not to engage in the aforementioned suspect practices. The Company is required to make expeditious and complete restitution of millions of dollars to customers. Over the next three years, the Company must implement specifically outlined reforms, while at the same time funding its own supervision during a "review period" which is in the nature of probation. This supervision involves periodic, independent audits by a major accounting firm and monitoring of the reforms by the Office of Statewide Prosecution. The Company is specifically prohibited from passing any of the associated costs along to the customers in the rate making process before the Public Service Commission. Further, the Company is required to assist the Office of Statewide Prosecution in any investigation arising out of these matters. In exchange, the Office of Statewide Prosecution will not seek criminal charges against the Company from this body and will not pursue criminal action against the Company regarding the aforementioned allegations, if the Company fully complies with the terms and conditions of the agreement. However, the Office of Statewide Prosecution maintains discretion to void the agreement and prosecute the Company if the Company does not comply. The Office may, of course, seek to prosecute the Company for any violations of the law discovered at a later date concerning activities not covered in our investigation, or for any criminal activity committed after the signing of the agreement.

In its consideration of the proposed settlement agreement, the Tenth Statewide Grand Jury weighed the extremely complex and time-consuming nature of a criminal prosecution alleging numerous instances of fraud by a huge corporation and its impact on an already overburdened court system. The Grand Jury has determined that the immediate positive impact of this settlement outweighs any perceived benefit of protracted criminal litigation, which even under optimal conditions is unlikely to produce a better result for the citizens of the State of Florida.

We do not condone the Company's activities, nor exonerate the Company from responsibility. We agree, instead, to withhold judgment, giving the Company ample incentive and opportunity to remedy the suspect practices. Because we believe the terms and conditions negotiated by the Statewide Prosecutor are carefully structured in the best interest of the people of this State, we recommend that the Office of Statewide Prosecution enter into the proposed settlement agreement, and we ratify the same if all things are substantially as they have been represented to this Grand Jury.

Respectfully submitted to the Honorable Frederick T. Pfeiffer, Presiding Judge, and to Melanie Ann Hines, Statewide Prosecutor and Statewide Grand Jury Legal Adviser, this 16th day of September, 1992.

Herman A. Robandt
Herman A. Robandt
Foreperson
Tenth Statewide Grand Jury
of Florida

Received in Open Court by the Honorable Frederick T. Pfeiffer this 16th of September, 1992, but sealed until further order of the Court on motion of the Legal Adviser.

Frederick T. Pfeiffer
Frederick T. Pfeiffer
Presiding Judge
Tenth Statewide Grand Jury
of Florida

EXHIBIT NUMBER ____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP-2

FINAL REPORT--10TH STATEWIDE GRAND JURY

FINAL REPORT OF THE TENTH STATEWIDE GRAND JURY

SEPTEMBER, 1992

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I. INTRODUCTION

The Tenth Statewide Grand Jury was impaneled on July 30, 1991, and was seated in Orlando, Florida. The Grand Jury has convened almost monthly to investigate allegations of multi-circuit, organized crime throughout the State. The Grand Jury's original term expired after twelve months, but was extended to October 30, 1992. The Grand Jury is adjourning one month early, subject to recall, if necessary.

The purpose of this Report is to record for posterity the work and recommendations of this Grand Jury, with the hope that its collective voice will be heard and that the citizens of this State will benefit from its efforts.

II. SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY

We embarked upon our investigation of Southern Bell at the beginning of our term. During the course of the investigation, we heard testimony from numerous witnesses, including former and current Southern Bell employees who held positions ranging from craft level workers to Company officers. We have also had the opportunity to examine a multitude of company documents.

The primary focus of our investigation concerned allegations of company misconduct in four major categories: (1) the intentional overbilling of customers generated by the fraudulent "sale" of optional services by Company employees whose primary responsibility was supposed to have been the installation and repair of telephones; (2) the intentional failure to pay the full amount owed for allegedly unintentional customer overbillings discovered during the Company's analysis of some of its billing records; (3) the intentional failure to pay required rebates to compensate customers who informed the Company that their telephone was out of service; and (4) the intentional failure to properly report trouble and repair information to the Public Service Commission.

Our Legal Adviser, the Statewide Prosecutor, has negotiated a settlement agreement with the Company, in the nature of a pre-trial diversion opportunity, which calls for, among other things:

- complete and expeditious restitution to affected customers;
- cooperation with the State in any investigations arising out of these matters;
- implementation of revised billing practices, fraud preventative procedures, and ethics training;
- a three year review period, subjecting the Company to periodic audits and compliance monitoring;
- funding by the Company of the review program, audits, and monitoring;

- discretion to void the agreement and pursue prosecution vested in the Statewide Prosecutor;
- funding provided by the Company to support prosecution of these allegations, if necessary;
- no restrictions on the prerogative of the Statewide Prosecutor to investigate any other allegations of Company fraud, and to prosecute where appropriate;
- a prohibition against including any costs associated with the agreement in the rate base of the customers.

In our Advisory Opinion, issued this date, we recommended that the Statewide Prosecutor proceed with the settlement of this investigation because we believe it to be in the best interest of the people of this State. The agreement will provide the Company with the opportunity to reform the negative aspects of the corporate environment. However, it will not exonerate the Company for repayment of its debts to our society. We are hopeful that the Company will prove itself worthy of this unique and beneficial opportunity.

In closing, it must be noted that the proposed settlement agreement does not contain any "punishment", per se, of the Company for its alleged failure to properly report to the Public Service Commission actual repair time for restoration of telephone service to customers whose telephones were out of service. This issue was raised in our investigation, but we have been advised that the United States Supreme Court's ruling H.J., Inc., et al v. Northwestern Bell Telephone Company, 112 S. Ct. 2306 (1992), casts doubt on our ability, or the ability of the criminal courts, to directly sanction the Company for such conduct, if it in fact occurred. We specifically note, however, that the Florida Public Service Commission has both the jurisdiction and concomitant discretion to impose severe monetary penalties on the Company if it finds that the Company has falsified reports required by PSC rules. We therefore strongly recommend that the Public Service Commission, in conjunction with its publicly mandated responsibility, investigate this matter, exercise its penal authority, and take into consideration this possible fraudulent conduct on the part of the Company in determining an appropriate rate of return.

III. REGULATING UTILITIES

Our investigation of Southern Bell led us to an inquiry into some of the regulatory activities of the Florida Public Service Commission, and the rules and statutes governing this function.

We wish to make it clear that time constraints did not afford us the opportunity to fully investigate every issue brought before us, but we heard sufficient testimony to convince us that changes must be made in this process to protect the utility consumers of this State and to renew the faith of the people in its government.

The recommendations we have proposed are addressed to the Florida Legislature and the Public Service Commission. We hope these recommendations will be given serious consideration.

A. Ex Parte Communications

In January of this year, we issued an Interim Report entitled, "Regulating Utilities - Recommendations to Enhance The Integrity of the Process." This report discussed the necessity for strict rules and laws prohibiting ex parte communications with Public Service Commissioners and Commission staff by utility representatives on regulatory matters. We noted that communication to a judge by an interested party, concerning an issue to be decided by that judge, is prohibited in American courts of law unless all interested parties have an opportunity to be present during the communication. Such communication is considered improper because it gives an unfair advantage to the party with the most access to the judge. Since the members of the Commission have responsibilities equivalent to that of a judge, we proposed a strict prohibition against all forms of ex parte communication in our interim report.

We note with some dismay that the State Legislature has not yet enacted any of our proposals. An amendment to the ex parte section of Chapter 350 of the Florida Statutes, though not as efficacious as our suggestions, was passed by the State House of Representatives, but it did not come to a vote in the Senate. We urge the Legislature to allocate time during its next session to consider and pass the recommendations contained in our Interim Report.

B. Prohibitions on Employment of Commissioners

Immediately after resigning, a former Public Service Commissioner recently accepted a lucrative position with an affiliate of one of the utilities he used to regulate. News reports indicated that his starting salary was twice that of his Commission salary. It appears that nothing restricted the ability of that utility from courting the Commissioner during the regulatory process, and nothing prevented the Commissioner from seeking such employment during his tenure on the Commission. Coupled with the almost unfettered ability to discuss regulatory matters with Commissioners and Commission staff, the existence of such relationships creates an appearance of impropriety the Commission can ill afford to bear.

We are therefore concerned that the Legislature failed to enact another necessary reform in the many sessions held this year: a law prohibiting Public Service Commissioners from accepting employment with the utilities regulated by the Commission.

The House and the Senate both passed bills which included a provision requiring former Commissioners to wait two years before accepting employment with a regulated utility or its affiliates, but neither of those respective bills came to a vote in the other chamber, and hence could not become law.

We therefore strongly recommend that the Legislature move quickly and without hesitation to enact the proposed statutory provision of a two year prohibition on the acceptance of employment by a Commissioner with a regulated utility. Any person desiring to serve the people of the State of Florida as a member of the Public Service Commission should be more than agreeable to such a limitation. The people deserve no less.

C. Regulation of the Sale of Optional Services

Our investigation of Southern Bell, and the recommended settlement, focused on the sale of optional services during a program specially designed for telephone installation and repair personnel. One of the questions left for another day is whether the overall sales practices of Southern Bell are plagued with the potential for fraud. Due to the outpouring of complaints reported recently in the media from Southern Bell customers paying for services they did not order and do not want, we find it necessary to briefly address this potential question.

It would appear that many of the practices which could lead to such a result may well be violations of consumer protection laws. However, we note with much concern that the fraudulent practice of misleading utility customers as to the nature and cost of certain services is not covered by the Consumer Protection and Telemarketing Acts currently on the books. Sections 501.212 and 501.604, Florida Statutes, specifically exempt utility activities regulated by the PSC. We note also that there are few PSC rules designed to protect utility consumers from unscrupulous sales people.

Inasmuch as few utility customers have a choice in selecting their common service provider, we strongly recommend that the Public Service Commission adopt similar, if not more restrictive rules, for the sales and marketing techniques of optional services to which these same customers are subjected.

The consumer protection statutes require written and signed verification of orders for goods or services taken by telephone. Section 501.059(5), (6), Florida Statutes specifically states:

A contract made pursuant to a telephonic sales call:

1. Shall be reduced to writing and signed by the consumer.
2. Shall comply with all other applicable laws and rules.
3. Shall match the description of goods or services principally used in the telephone solicitations.
4. Shall contain the name, address, and telephone of the seller, the total price of the contract, and a detailed description of the goods or services being sold.
5. Shall contain, in bold, conspicuous type, immediately preceding the signature, the following statement:

"You are not obligated to pay any money unless you sign this contract and return it to the seller."
6. May not exclude from its terms any oral or written representations made by the telephone solicitor to the consumer in connection with the transaction."

The Telemarketing Act further protects the consumers of this State by requiring a statement of consumer rights, providing a three day right of rescission, entitlement to full refund if the Act is violated, and payment of costs of cancellation by the seller. The Act also provides for criminal penalties when deception is used in connection with an offer to sell.

Requiring utilities to obtain and maintain written authorizations from customers is an easy method to prevent fraud by corporate deception. Detection of such fraud should not be the sole responsibility of the customer. Many customers, perhaps hundreds of thousands of them, would not know they were paying too much for phone service unless they read their phone bill each month in microscopic detail, assuming they received a detailed bill each month. A customer told that the bill for monthly basic service will be, for example, \$20 per month, but not told \$8 of that monthly fee is for optional services, will in all probability pay the written bill each month without a quibble. After all, that was the price quoted by the telephone company representative and the bill matches the price. If the company only itemizes these costs in a yearly billing summary, and the customer does not read the summary, the customer can easily be given the false impression that the bill contains only mandatory charges.

The Legislature has an obligation to prevent victimization of all the citizens of this State. If the Public Service Commission does.

not implement similar consumer protection requirements for the utility activities it regulates, then the Legislature should strike the exemptions in Sections 501.212 and 501.604, Florida Statutes, and subject utilities to the standards of fair trade practice outlined in the statute.

D. Cost Allocation Procedures

Southern Bell, like other providers of local telephone service, is a regulated utility. In exchange for being regulated by a government entity, that portion of the business which is regulated is allowed to charge certain specified amounts to its customers for the regulated telephone service it provides. If a utility is unable to achieve the minimal level of return to which the PSC decides it is entitled, the company can ask the Commission to approve an increase in the amount customers pay for regulated telephone service. All of the expenses incurred in the provision of regulated telephone service are passed directly on to the customers, including the salaries and benefits of all employees during the time those employees are working on a regulated activity.

By Public Service Commission Rule, the amount of time employees spend on unregulated activities is supposed to be deducted from the amount paid by customers of regulated telephone service. Thus, there arises a question of "cost allocation." The utility must accurately allocate costs so that customers of regulated telephone services are not subsidizing the cost of unregulated activities. The PSC is charged with the responsibility of monitoring and regulating the cost allocation process.

This question arose in the context of our inquiry regarding the sale of certain unregulated optional services by installation and repair personnel (regulated). We reached no conclusion as to whether the cost allocation process is currently being misused, but we determined that the opportunity and temptation to move salary and benefit allocations to the regulated side of a utility appeared to be great. While not a matter in which we hold a great deal of expertise, we have considered the implications of a failure to accurately allocate costs and believe that better methods of detection and enforcement must be implemented to prevent the unlawful subsidy of the unregulated side of the utility by the regulated side.

We therefore recommend that the PSC initiate quarterly unannounced spot reviews and a complete audit and regulatory review of the cost allocation process on an annual basis. The audits should, at a bare minimum, follow the generally accepted auditing standards established by the Auditing Standards Board of the American Institute of Public Accountants.

As we understand it, a complete audit of regulated utility cost allocation practices is only likely to occur during a rate hearing, although some cost and revenue information is provided every four years. However, a complete rate hearing is sometimes held less frequently. More than eight years passed between Southern Bell's last rate case and the current rate case filed this year. Therefore, it is currently possible for a utility to avoid a complete independent audit for an undetermined number of years.

In addition, the PSC should develop its own cost allocation manual to provide specific formulas for allocating regulated and unregulated costs, rather than relying on the Federal Communications Commission's (FCC) cost allocation manual, which concerns telephone services involving more than one state. Although it may be appropriate to use that manual for the specific intended purpose, applying it to an intrastate issue can sometimes lead to a rule that is, at best, difficult to explain. For example, according to the FCC manual, a Southern Bell repair and installation worker must spend at least 15 minutes on activities related to an unregulated service before being required to allocate any time to that activity. This means such an employee could solicit the sale of an unregulated activity for 14 minutes with each customer he comes in contact with each day without allocating one minute of his time to the unregulated activity. This results in the evil sought to be avoided by proper cost allocation: subsidy of profit making activity by regulated activity.

We therefore strongly recommend that the PSC develop its own guidelines tailored to the specific needs of this State. The formation of a Task Force comprised of consumer advocates, regulated utilities and Commission staff, with public hearings throughout the State, would generate the most fair and effective cost allocation procedures.

E. Rate of Return

The National Association of Regulatory Utility Commissioners recently compared three methods of calculating rate of return and, as a result, reached the conclusion that "utilities were both less risky and more profitable investments than the average non-regulated corporation".

Section 364.03 (1), Florida Statutes, states that the regulated portion of utility companies, "... may not be denied a reasonable rate of return." We understand that what is reasonable to one expert hired by a regulated utility may be entirely unreasonable to an expert hired by a consumer advocacy group. It is all very subjective. The PSC has to take that subjective standard and apply it to the real world. We realize that is a very difficult task.

It is our belief that regulated companies should have the right to a rate of return similar to a non-regulated company of equal risk. In other words, a risky business venture should have the right to a much higher rate of return than a relatively safe venture like the exclusive provision of certain basic telephone services to all of the people in a given geographic region who are in need of that service.

We suggest that the Public Service Commission appoint a Blue Ribbon panel of experts selected by consumer advocates, including but not limited to the Public Counsel, regulated utilities and PSC staff to develop specific economic parameters to eliminate some of the subjectivity inherent in the current ratemaking process. For example, the group may wish to consider the possibility of tying, in some way, the maximum rate of return for relatively low risk regulated utilities to the interest rate of long term United States Treasury Bonds, taking into account the economic circumstances at the time the rate is set.

We have learned that several years can elapse before a rate of return is changed. This regulatory gap fails to provide for rapid changes in economic circumstances, such as a decline in interest rates and inflation. Basing the rate of return on a selected, easily measurable economic parameter, or an average of several such parameters, would make it easier to revise the rate of return on a yearly basis if economic circumstances warrant it.

We realize that any definitive recommendation in this regard is beyond the scope and expertise of this Grand Jury. We merely wish to point out that it is an area worthy of close scrutiny and vigorous debate in a public forum.

IV. GANG AND GANG-RELATED ACTIVITY

The Statewide Grand Jury also embarked upon an investigation of gangs and gang-related activity in the State of Florida.

The results of our work can be found in the Indictments listed in the attached chart as SWGJ Case Numbers 1 and 1A. These charges represent the first known occasion that the Street Terrorism Act and the Racketeering Act were joined together in one prosecution in Florida to dismantle a criminal gang involved in everything from narcotics trafficking to arson. It has been reported to us that the gang, known as the 34th Street Players, has not re-formed or resurfaced since the incarceration of the defendants on these charges.

During the course of this investigation, we conducted a survey to identify the magnitude of the gang problem in the State. Our examination, conducted with the assistance of State and local Law Enforcement agencies, revealed that no central repository exists.

for the collection and exchange of information concerning gangs and gang-related activity. Thus, the results of statewide intelligence gathering techniques were pieced together to obtain the best possible picture of gang activity in the State. The results of this survey are outlined in our Interim Report #2, issued in January, entitled: "Gangs and Gang-Related Activity; Recommendations to Assist Law Enforcement."

This Grand Jury recommended the establishment of a statewide youth and street gang computer data base with a requirement of mandatory reporting of such data from all law enforcement agencies. We noted that the Street Terrorism Enforcement and Prevention Act of 1990 originally established such a database, but the funding portion of the bill was later deleted. We strongly urge the Legislature to invest the necessary funds in the future of this State.

We are disheartened by the total lack of interest demonstrated by the Legislature in this matter. Without an accurate accounting of the impact of gangs on the criminal justice system, necessary reforms in criminal laws cannot be made, nor can adequate funding formulas for law enforcement be produced. We urge the Legislature to be more far-sighted in this regard.

V. ADMINISTRATIVE RECOMMENDATIONS

The Grand Jury is vested with enormous power, and with it a profound responsibility. It has an intimidating and deterrent effect on those who violate the law. It also has the power and duty to protect the innocent against prosecution. The responsibilities of the Grand Jury are truly awesome.

The Statewide Grand Jury is a unique organization from a number of standpoints that require special consideration. The Statewide Grand Jury, impanelled by the Florida Supreme Court, is made up of citizens from all corners of the State. Jurors must travel many miles to and from the court site for each session. For us, this has almost been monthly, for a period of fifteen months. Sessions have lasted from two to three days, and the average day's work is in excess of the typical eight hour day. Because the location is far from home, Grand Jurors are "sequestered" from their families, homes, and occupations during the length of the sessions.

This is not a voluntary service. Jurors are chosen by the court and must serve or face contempt charges.

Given the unique nature of the logistics and practicalities of our existence, we have discussed a number of areas where consideration should be given to treat Statewide Grand Jurors in a more equitable manner.

A. Insurance Coverage

Currently, no accident or accidental death insurance is provided for Jurors, as they are not considered employees or agents of the State. Jurors must then rely on their own insurance coverage in the event of an emergency or jury related injury. However, since the jurors are chosen from a cross-section of the population, it is possible that many do not have any, or adequate, insurance protection of their own. Also, since the service is mandatory, rather than elective, as in certain employment situations, the State should provide insurance for accidental injury or death of Grand Jurors travelling for and attending Grand Jury sessions.

Moreover, it appears to us that Grand Jurors have no protection from law suit for their actions and would have to stand the expense of their own defense should they be sued for allegedly exceeding their authority. While the prosecutor who advised the Grand Jury in a particular matter would be covered by the State's Risk Management Policy, it appears that Grand Jurors would not.

We ask the Legislature to consider our concerns and make the appropriate provision for protection of Statewide Grand Jurors in these matters.

B. Grand Juror Fees

The current fee of \$10 per day for Statewide Grand Jurors is woefully inadequate. It amounts to approximately one-third of the minimum wage for the average work day, and does not take into account the extraordinary conditions of our service.

Our service, as distinguished from petit jury service, often results in expenses not considered in the setting of the fee structure: long distance telephone calls to communicate with family and to maintain ties to jobs; kennel costs for the care of animals; the purchase of special travel items, ranging from toiletries to suitcases, and so forth. These matters have apparently been ignored in the decision making process.

It is obvious that the State is in dire financial circumstances. It is also obvious, however, that the criminal justice system could not function without individual citizens discharging their civic duty to act as fair and impartial jurors. While no one can be fired for jury duty, there appears to be no restriction on the ability of an employer to withhold salary dollars during the affected time periods. Further, self-employed business people may experience lost opportunities that could have an adverse economic impact on their livelihoods for years to come. Citizens facing such economic hardship are unlikely to pay complete attention to the matters before them, and may choose to expedite--

the proceedings at the expense of the rights of others. While we have successfully guarded against such a travesty, in part based on the considerations afforded by the Legal Adviser and her staff in response to our needs, we do not know when this unconscionable possibility might reach fruition.

We have learned that the Federal Grand Jury fee is \$40 per day. We urge the Legislature to consider parity in this matter.

VI. CONCLUSION AND ACKNOWLEDGEMENTS

The remainder of the work of this Grand Jury is summarized in the attached schedule of cases.

We are particularly gratified that one of our cases went to trial during our term, resulting in the convictions of two law enforcement professionals who deliberately subverted the criminal justice system through perjury and subornation of perjury. We are proud to have been a part of bringing them to justice.

Service as a member of the Tenth Statewide Grand Jury has been an education in citizenship, the likes of which cannot be taught in the classroom. It has been a unique and memorable experience and we are proud to have made this contribution to our State.

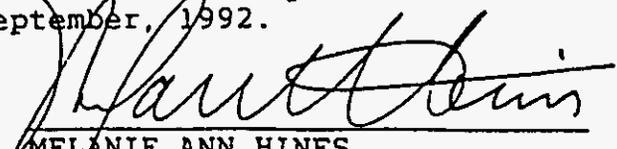
We wish to thank the following individuals and their respective offices for assisting us in the performance of our responsibilities:

- The Honorable Frederick Pfeiffer, Presiding Judge
- The Honorable Richard Conrad, Alternate Presiding Judge
- The Honorable Fran Carlton, Circuit Court Clerk
- Richard Sletten, Orange County Court Administrator
- Lt. Doug Huffman, Orange County Sheriff's Office
- Commissioner Tim Moore, Florida Department of Law Enforcement

Respectfully submitted to the Honorable Frederick Pfeiffer, Presiding Judge, this 16th day of September, 1992.

Herman A. Robandt
 Herman A. Robandt
 Foreperson
 Tenth Statewide Grand Jury
 of Florida

I, MELANIE ANN HINES, Legal Adviser, Tenth Statewide Grand Jury, for the State of Florida, hereby certify that I, as authorized and required by law, have advised the Grand Jury which returned this report this 16th day of September, 1992.



MELANIE ANN HINES
Statewide Prosecutor
Statewide Grand Jury Legal Adviser

I, JOHN A. HOAG, Legal Adviser, Tenth Statewide Grand Jury, for the State of Florida, hereby certify that I, as authorized and required by law, have advised the Grand Jury which returned this report this 16th day of September, 1992, with regard to the matters contained in section III.



JOHN A. HOAG
Special Assistant Statewide
Prosecutor
Statewide Grand Jury Legal Adviser

The foregoing report was returned before me in open court this 16th day of September, 1992, and is hereby sealed until further order of the Court on motion by the Legal Adviser.



Judge Frederick T. Pfeiffer
Presiding Judge
Tenth Statewide Grand Jury

EXHIBIT NUMBER ____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP-3

SETTLEMENT AGREEMENT--STATEWIDE PROSECUTOR

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT (the "Settlement Agreement") is entered into on this 9th day of October 1992, between BellSouth Telecommunications, Inc., successor to Southern Bell Telephone and Telegraph Company (hereinafter "Southern Bell," which term whenever used herein shall mean BellSouth Telecommunications, Inc., its predecessor, Southern Bell Telephone and Telegraph Company, and their successors and assigns) and the Statewide Prosecutor and the Office of Statewide Prosecution (hereinafter collectively the "Office").

W I T N E S S E T H:

WHEREAS, the Office commenced an investigation regarding Southern Bell's reporting of trouble and repair information to the Florida Public Service Commission; the credits given by Southern Bell for service interruptions greater than twenty-four (24) hours; the sale, billing and provision of certain optional services through Southern Bell's Network Sales Program, allegedly not ordered by certain Southern Bell subscribers; and the alleged wrongful conduct of Southern Bell related to the Touchtone/Custom Calling Service reconciliation program conducted by Southern Bell in 1990 and 1991 (the "Reconciliation Program");

WHEREAS, Southern Bell denies that it engaged in conduct alleged to be in violation of any state law, denies that it engaged in any fraud in the State of Florida, denies that it improperly withheld credits to subscribers with an out of service condition in excess of twenty-four (24) hours, such credits being

required by Section 25.4.110(2), Florida Administrative Code, and denies that it inaccurately reported information to the Public Service Commission in violation of Sections 25-4.0185 and 25-4.070, denies that it improperly sold, billed or provided optional services through its network sales program, and denies that it engaged in any improper conduct with respect to the Reconciliation Program, and does not intend to engage in any such conduct; and

WHEREAS, Southern Bell and the Office desire to conclude the Investigation and the claims which were investigated in the Investigation (as defined in paragraph 1 below);

NOW, THEREFORE, in consideration of the premises and the mutual promises, agreements and covenants contained herein, including, but not limited to, the Review Program as described in Exhibit "C" and the payment of the restitution described in paragraphs 3, 4 and 5 below, the parties hereto stipulate and agree as follows:

1.

As used herein, the term "Investigation" shall mean the Office of Statewide Prosecution investigative case No. SWP 91-000007-NFB which was opened in March 1991. The Investigation is limited to the alleged failure of Southern Bell to properly report trouble and repair information to the Public Service Commission, and Southern Bell's alleged failure to properly provide credits for service interruptions greater than twenty-four (24) hours; matters concerning the sale, billing and provision of certain optional services through Southern Bell's Network Sales

Program in 1987, 1988, 1989, 1990 and 1991, allegedly not ordered by certain Southern Bell subscribers (not including the inside wire maintenance reconciliation program conducted in 1990 and 1991); and the alleged wrongful conduct of Southern Bell related to the Reconciliation Program.

2.

It is expressly understood and agreed between the parties that this Settlement Agreement is made in compromise of disputed claims. This Settlement Agreement and the restitution payments and releases provided hereunder are not and shall not be construed as an admission of liability or an acknowledgment of the validity of any claims which were investigated by the Office against Southern Bell arising out of the Investigation. Southern Bell hereby expressly denies any liability to the Office or any other person. Southern Bell hereby also expressly denies the claims and allegations asserted against Southern Bell by the Office or any other person.

3.

Southern Bell shall pay Three Million Five Thousand Dollars (\$3,005,000) in restitution, in pro rata amounts, to those Southern Bell subscribers identified by Southern Bell who reported one or more out of service interruptions during the period January 1, 1985 to June 30, 1991 (the "Out-of-Service Subscribers"). Southern Bell shall, within ten (10) days of the execution of this Settlement Agreement, deposit the above Three Million Five Thousand Dollars (\$3,005,000) (the "Out-of-Service Payment") into a separate interest bearing account from which it

can make credits and/or refunds to Out-of-Service Subscribers. The Out-of-Service Payment shall be credited to the accounts of or refunded by check to current Out-of-Service Subscribers and refunded by check to former Out-of-Service Subscribers by Southern Bell in equal pro rata amounts within sixty (60) days of the execution of this Settlement Agreement. Southern Bell may not deduct from any refund to any former subscriber any amount which is or was shown as a balance due on that account. Any person who is entitled to a distribution but who did not receive one initially, who requests a distribution during the five (5) year period following the date of this Settlement Agreement, shall be paid out of said account. Any of these disputed funds that remain in said account after this five (5) year period, and all interest accrued on the Out-of-Service Payment, shall be paid to the State of Florida, which payment shall be in full and complete satisfaction of any and all claims by the State of Florida to these funds. "Out-of-Service" for the purpose of this paragraph shall mean that the subscriber's telephone number had no dial tone, could not be called, or could not call out and that the receipt to close time for such service interruption or "trouble" was greater than twenty-four (24) hours.

4.

Southern Bell shall pay as restitution the amount of Ten Million Five Hundred Thousand Dollars (\$10,500,000) (the "Network Sales Payment") to those subscribers who have been or were subscribed to certain optional services by network employees of Southern Bell as part of its Network Sales Program during 1987,

1988, 1989, 1990 and 1991, and who have not previously received a credit or refund payment. Southern Bell shall, within ten (10) days of the execution of this Settlement Agreement, deposit into a separate interest bearing account the above Ten Million Five Hundred Thousand Dollars (\$10,500,000) from which it may make the credits and/or refunds described in this paragraph. Within sixty (60) days of the execution of this Settlement Agreement, the Network Sales Payment shall, on a pro rata basis, be credited to the account of or refunded by check to each current subscriber and refunded by check to each former subscriber, listed on Exhibit "A," who Southern Bell has identified as having been subscribed to certain optional services by Southern Bell as part of its Network Sales Program during 1987, 1988, 1989, 1990 and 1991, and who has not previously received a credit or refund payment. Southern Bell shall not deduct from any refund to any former subscriber any amount which is or was shown as a balance due on that account. Southern Bell will pay restitution to those current or former Southern Bell subscribers listed on Exhibit "A." Any person who is entitled to a distribution but who did not receive one initially, who requests a distribution during the five (5) year period following the date of this Settlement Agreement, shall be paid out of said account. Any of these disputed funds that remain in said account after this five (5) year period, and all interest accrued on the Network Sales Payment, shall be paid to the State of Florida, which payment shall be in full and complete satisfaction of any and all claims by the State of Florida to these funds.

Southern Bell shall make an additional effort to identify former subscribers not listed on Exhibit "A" who had one or more optional services placed on their telephone by a Network Sales employee during the Network Sales program in 1987, 1988, 1989, 1990, and 1991. Southern Bell will seek to find the present address of these former subscribers. Southern Bell will make full refunds, plus interest, to those former subscribers it locates who paid for one or more optional services to which they were subscribed by a Network employee, but which the subscribers indicate they did not order. The letter from the Office attached as Exhibit "D" and the letter from Southern Bell attached as Exhibit "E" shall be sent to these former subscribers who receive a refund check.

5.

Within ten (10) days of the execution of this Settlement Agreement, Southern Bell shall pay a maximum of One Million Six Hundred Seventy-Seven Thousand Six Hundred Ninety-One Dollars and Sixty-Two Cents (\$1,677,691.62), as reflected in Exhibit "B," into a separate interest bearing account as additional restitution for the benefit of those current and former subscribers, listed on Exhibit "B," identified during the Reconciliation Program as having been double-billed or over-billed for certain optional services and who received previously only partial restitution; provided, however, the amount to be deposited to this account will be increased to the extent that Southern Bell identifies through the Reconciliation Program additional subscribers as having been double-billed or over-billed for certain optional services and who

received previously only partial restitution. Southern Bell will, within sixty (60) days of the execution of this Settlement Agreement, make restitution to those subscribers listed on Exhibit "B" in the amounts listed in Exhibit "B." Restitution payments to which subscribers are entitled pursuant to this paragraph shall be credited to the account of or refunded by check to current subscribers and refunded by check to former subscribers. Southern Bell may not deduct from any refund to any former subscriber any amount which is or was shown as a balance due on that account. Any person who is entitled to a distribution but who did not receive one initially, who requests a distribution during the five (5) year period following the date of this Settlement Agreement, shall be paid out of said account. Any of these disputed funds that remain in said account after this five (5) year period, and all interest accrued on this account, shall be paid to the State of Florida, which payment shall be in full and complete satisfaction of any and all claims by the State of Florida to these funds.

6.

Refunds sent by Southern Bell pursuant to paragraphs 4 and 5 of this Settlement Agreement shall be sent by First Class Mail. Each refund sent pursuant to paragraph 4 will be accompanied by the letter from the Office attached as Exhibit "F" and the letter from Southern Bell attached as Exhibit "G." Each refund sent pursuant to paragraph 5 shall be accompanied by the letter from the Office attached as Exhibit "H" and the letter from Southern Bell attached as Exhibit "I." The bill containing the credits

applied to subscriber accounts pursuant to paragraph 3 shall be accompanied by the letter attached as Exhibit "J." Refunds sent to subscribers pursuant to paragraph 3 shall be accompanied by the letter attached as Exhibit "K."

7.

Southern Bell shall pay to the Office the amount of Seven Hundred Sixty-Seven Thousand, Eight Hundred Ninety-Six Dollars and Twenty-Six Cents (\$767,896.26), in full payment of the costs and expenses incurred in connection with the Investigation. This payment shall be made within ten (10) days of the execution of this Settlement Agreement, by depositing it into the Office's Grants and Donations Trust Fund, for distribution as follows:

Office of Statewide Prosecution:	\$ 21,286.43
Department of Legal Affairs Revolving Trust Fund:	\$697,771.08
Florida Department of Law Enforcement:	\$ 48,838.75

Within ten (10) days of the execution of this Settlement Agreement, Southern Bell shall deposit the amount of Two Hundred Twenty-Five Thousand Dollars (\$225,000) into an interest-bearing account, controlled by the Office. This account shall be maintained and used by the Office during the Review Period to monitor compliance with the Review Program. Also within ten (10) days of the execution of the Settlement Agreement, Southern Bell shall deposit Four Hundred Forty-Seven Thousand, Eight Hundred Seventy Dollars and Thirty Cents (\$447,870.30) into an interest bearing account, controlled by the Office. Any additional fees, costs or expenses incurred by the Office, the State of Florida or

local governments in Florida, in connection with the Investigation, monitoring of the Review Program, or enforcement of this Agreement shall be paid by the Office to such agency or agencies out of this account at the discretion of the Statewide Prosecutor. The account shall be maintained until the conclusion of the Review Period. All funds remaining in the account at the end of the Review Period shall revert to the State of Florida's General Revenue Fund, unallocated, which payment shall be in full and complete satisfaction of any and all claims by the State of Florida to these funds.

8.

Southern Bell will fully cooperate with the Office in the Investigation as it may continue with respect to individuals, including the production of any documents in Southern Bell's possession, custody and control or witnesses requested by the Office. If the documents or information requested are protected by the attorney-client or work product privilege, then Southern Bell will provide all information necessary and all assistance needed to disclose the documents or information sought to the extent possible without waiving any such privileges.

Non-compliance with this provision shall constitute a breach of this Settlement Agreement, and the Statewide Prosecutor may exercise the rights of the Office hereunder consistent with paragraph 18 below.

9.

KPMG Peat Marwick (hereinafter "The Accounting Firm") shall perform the work described in paragraph 10 herein, in

accordance with the terms of an agreement to be entered into between counsel for Southern Bell and The Accounting Firm (the "Accounting Agreement"), which is subject to the approval of the Office.

10.

Southern Bell will implement all of the systems, operations, ethics, sales incentive and sales programs described in Exhibit "C" (the "Review Program") by the specific implementation dates set forth in this program. The Review Program is fully incorporated herein as a term of this Settlement Agreement. For a period of three (3) years beginning on the date this Settlement Agreement is executed (the "Review Period"), The Accounting Firm will conduct semi-annual audits to determine whether Southern Bell is complying with all of the obligations and programs set forth in the Review Program. Non-compliance with the provisions of the Review Program shall constitute a breach of the Settlement Agreement, and the Statewide Prosecutor may exercise the rights of the Office hereunder consistent with paragraph 18 below.

11.

Southern Bell agrees it will not engage in a practice of falsifying information required by the Florida Administrative Code to be reported to the Florida Public Service Commission, in a practice of causing Florida subscribers to be billed for services that the subscribers did not order, or in a practice of causing Florida subscribers to receive a credit or refund that is less than that to which subscribers are entitled. During the Review Period, if Southern Bell (which for the remaining portion of this

paragraph 11 shall mean Installation and Maintenance Center managers, and district managers (paygrade 6), or higher level managers) discovers that any of its employees have engaged or are engaging in the practices described above, Southern Bell will identify such employees and such practices to the Office. Any information given to the Office pursuant to this paragraph shall not be used in any civil action by the Office or as the basis for any criminal action against Southern Bell, or its subsidiary, affiliate, or parent companies, and any information delivered pursuant to this paragraph shall, until the Review Period expires, be treated in accordance with Florida Statute § 119 as information obtained during the course of a criminal investigation. Provided, however, that any information derived therefrom may be used as the basis for a criminal action consistent with the provisions of paragraph 18. Southern Bell reserves the right to discipline any employee for any actionable conduct in which an employee engages, provided, however, that employees or former employees shall not be disciplined or terminated in whole or in part at any time, for their testimony, whether voluntary or compelled, or for the fact of their cooperation with the Office; with any other State of Florida agency involved in the Investigation, unless such employee violated written company policy or knowingly gave false material information during the course of such cooperation.

12.

The Office will not institute, assert, or maintain any civil action, claim, cause of action, obligation, liability or demand for punitive relief, exemplary or treble damages, claim of relief

or demand whatsoever, in law or in equity, against Southern Bell or its parent, affiliate, and subsidiary companies, their officers, directors, employees, agents, representatives, attorneys, and their heirs, successors, and assigns, which previously were asserted or maintained, which could have been asserted or maintained or which could in the future be asserted or maintained against Southern Bell in any civil investigation, action or other proceeding based on conduct addressed in, directly arising out of, directly related to, or directly connected with the Investigation.

13.

The Office will not take or cause another to take any grand jury or other criminal action against Southern Bell or BellSouth Telecommunications, Inc., their parent, affiliates, or subsidiary companies, or their successors, and assigns, as a corporate entity or entities based on matters addressed in the Investigation, so long as Southern Bell does not breach the Settlement Agreement. Nothing in this paragraph shall be construed to prevent the Office from taking any criminal action against individual officers, directors, managers or agents of Southern Bell, or of its parent, affiliates, or subsidiary companies or their heirs, successors, or assigns. Nothing in this paragraph shall be construed to prevent any grand jury from issuing a report or presentment concerning the Investigation. This paragraph shall not be construed to prevent the Office, during the five (5) year period following execution of this Settlement Agreement, from using conduct addressed in the Investigation as predicate incidents in a criminal action against

Southern Bell based upon misconduct unrelated to the Investigation. . If the federal government or any local governmental or law enforcement agency seeks to investigate or charge Southern Bell, or its parent, affiliate or subsidiary companies or their heirs, successors, and assigns for the matters investigated in the Investigation, the Office will advise such federal or governmental agency of this settlement.

14.

None of the costs associated with this Settlement Agreement (including but not limited to the cost of all credits and refunds, attorneys' fees and expenses) will be included in the customer rates of Southern Bell.

15.

The Investigation shall not be deemed concluded or closed prior to the expiration of the Review Period described in paragraph 10 above.

16.

This Settlement Agreement and the exhibits hereto constitute the entire agreement between the parties with regard to the subject matter contained herein, and all prior negotiations and understandings between the parties shall be deemed merged into the Settlement Agreement.

17.

No representations, warranties, or inducements have been made to Southern Bell or the Office concerning this Settlement

Agreement, other than those representations, warranties and covenants contained in this Settlement Agreement.

18.

Southern Bell and the Office acknowledge the technical and logistical complexity of implementing and managing the payment of restitution and the transmittal of correspondence pursuant to this Settlement Agreement, of implementing and managing the Review Program, of identifying the matters to be reported pursuant to paragraph 11 and of otherwise managing Southern Bell's obligations hereunder. With respect to the Review Program, the parties acknowledge that Southern Bell may later discover that portions of the Review Program may be impossible, infeasible or unreasonable to implement. If such discovery is made, Southern Bell will notify the Office to discuss the problem and to negotiate a reasonable substitute for such program that is designed to achieve the same purpose as the program that is replaced. Any resulting dispute will be submitted to the Special Master in accordance with the procedure set forth in paragraph F(1) of the Review Program.

The parties do not intend that this Settlement Agreement be voided for minor, technical violations, but rather that it be subject to being voided where Southern Bell willfully and purposefully causes or allows a breach to occur. In the event the Office contends that Southern Bell willfully and purposefully caused or allowed a breach of this Settlement Agreement to occur and the breach tends to undermine or circumvent the obligations under this Settlement Agreement, the Office will provide written notice of the claimed breach to Southern Bell and provide Southern

Bell with a reasonable opportunity, not to exceed forty-five (45) days, unless extended by the Statewide Prosecutor, to address or cure such claimed breach. After this period expires, the Statewide Prosecutor will in good faith exercise her discretion in deciding whether or not Southern Bell is liable for such conduct, and if so, whether or not to void this Settlement Agreement and pursue a criminal action against Southern Bell, should all the facts and circumstances justify such action. The Office will give Southern Bell thirty (30) days written notice before any decision to void the Settlement Agreement becomes effective. The right to void this Settlement Agreement expires upon the successful completion of the Review period or any authorized extension thereof.

19.

This Settlement Agreement shall not preclude Southern Bell or the Office from participating in other judicial or administrative proceedings or from introducing evidence in such proceedings concerning the conduct covered by the Investigation to the extent allowed by applicable rules of evidence and procedure.

20.

Southern Bell will develop a document retention policy that reasonably is calculated to preserve documents and information that the Company, in consultation with the Office, believes is relevant to the Investigation.

21.

No waiver, modification or amendment of the terms of this Settlement Agreement shall be valid or binding unless in writing,

signed by all parties and then only to the extent set forth in such written waiver, modification or amendment.

22.

Any failure by any party to the Settlement Agreement to insist upon the strict performance by any other party of any of the provisions of this Settlement Agreement shall not be deemed a waiver of any of the provisions of this Settlement Agreement, and such party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Settlement Agreement.

23.

This Settlement Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Florida, without regard to its conflict of laws principles. Any payments made by Southern Bell pursuant to this Settlement Agreement, including the payments described in paragraphs 3, 4 and 5 above, include any and all taxes that Southern Bell may be required to pay to the recipients of such payments, to any governmental entity or to any other person. This provision shall not reduce any of the payments which Southern Bell is required to make pursuant to this Settlement Agreement and Southern Bell agrees not to seek a refund or credit from any local, state, or federal taxing authority for any tax including but not limited to any gross receipts tax or state tax, collected or paid by Southern Bell and related directly or indirectly to services for which Subscribers

may receive a credit or refund pursuant to this Settlement Agreement.

24.

The parties acknowledge that this Settlement Agreement is being entered into for the purposes of settlement only, that there has been no finding of liability of any kind, and that Southern Bell is entering into this Settlement Agreement to avoid the expense and length of further legal proceedings, taking into account the uncertainty and risk inherent in any litigation. Neither this Settlement Agreement, any exhibit or document referenced herein, nor any action taken to reach, effectuate or further this Settlement Agreement or the settlement set forth herein is, may be construed as, or may be used as an admission by or against any party of any fault, wrongdoing or liability whatsoever, or as a waiver or limitation of any claims, legal or equitable, or defenses otherwise available to any of the parties. Entering into or carrying out this Settlement Agreement, or any negotiations or proceedings related thereto, shall not in any event be construed as, or deemed to be evidence of, an admission or concession by any of the parties, or to be a waiver of any applicable claim or defense, otherwise available.

25.

This Settlement Agreement, including its exhibits, were executed after arm's length negotiations between the parties and reflect the conclusion of the parties that this Settlement Agreement is in the best interests of all the parties hereto.

26.

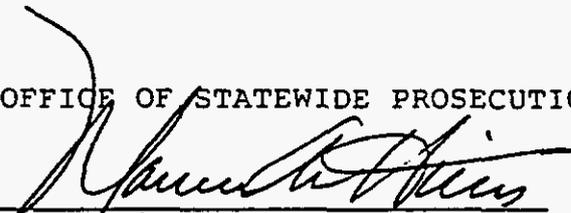
Each party participated jointly in the drafting of this Settlement Agreement, and therefore the terms of this Settlement Agreement are not intended to be construed against any party by virtue of draftsmanship.

27.

This Settlement Agreement may be executed in several counterparts, each of which shall constitute an original and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Settlement Agreement has been executed as of the date first written above, by the undersigned counsel of record for the parties hereto and/or by the parties themselves in multiple counterparts, each of which shall be deemed an original.

OFFICE OF STATEWIDE PROSECUTION


By: Melanie Ann Hines
Statewide Prosecutor

Sworn to and Subscribed to before me this 9th day of October, 1992, in Tallahassee, Florida

Patti P. Dawkins
Notary Public
State of Florida

My Commission Expires:

Notary Public, State of Florida
My Commission Expires June 2, 1995
Bonded Thru Yip Pain - Insurance Inc.

Personally Known

BELLSOUTH TELECOMMUNICATIONS,
INC. (successor to SOUTHERN
BELL TELEPHONE & TELEGRAPH
COMPANY)

Sworn to and Subscribed to
before me this 7th day of
October, 1992, in
Medina, Florida

Joseph P. Lacher
By: Joseph P. Lacher
President-Florida

Marc Ian Fisher
Notary Public
State of Florida

My Commission Expires:

OFFICIAL NOTARY SEAL
MARC IAN FISHER
NOTARY PUBLIC STATE OF FLORIDA
COMMISSION NO. AA654325
MY COMMISSION EXP. APR. 30, 1993

SOUTHERN BELL REVIEW PROGRAM

This sets forth the systems and operation changes, procedures and ethics programs that Southern Bell has or will put into place in Florida during the Review Period to address matters that have arisen in Florida. Southern Bell is required to maintain these system and operation changes, procedures, and programs only during the Review Period and any extension thereof pursuant to paragraph F(4) below. Implementation of the changes, procedures, and programs described below will be reviewed in the audits described in paragraph 10 of this Settlement Agreement. The term "optional services" as used in this Review Program includes the following optional services: Call Return, Call Trace, Repeat Dial, Preferred Call Forwarding; Call Blocking, Selective Call Blocking, Caller ID, Call Forwarding, Call Forwarding-Line Busy, Call Forwarding - Don't Answer, Remote Access Call Forwarding, Three-Way Calling, Speed Call-8, Speed Call-30, Call Waiting, Memory Call, Inside Wire Maintenance, Trouble Isolation Plan, Inside Wire Maintenance Combined Plan and Touchtone.

A. Institution of Ethics Program

1. Southern Bell will develop and implement a new ethics education program. This program will be presented to management and non-management employees of Southern Bell in Florida. [Implementation: October 1, 1992.]
2. Southern Bell will revise its handbook "A Personal Responsibility" to:
 - a. further emphasize ethics; and
 - b. promote the Company's "Hotline" number and assure that there is sufficient capacity to handle "Hotline" calls. [Implementation: October 1, 1992.]
3. Southern Bell will develop a "Code of Ethics" which will be distributed to Southern Bell employees in Florida. [Implementation: October 1, 1992.]
4. Southern Bell will change its management employee evaluation process and forms by incorporating two additional performance criteria:
 - a. commitment to customer service; and
 - b. commitment to ethical business practices. [Implemented previously.]

B. Creation of Corporate Responsibility and Compliance Office

BellSouth Corporation will create a new officer position known as "Vice President-Corporate Responsibility and Compliance." The person appointed to this office is responsible, inter alia, for internal auditing and security supervision at Southern Bell. This officer also will act as an "ombudsman" to whom Southern Bell employees can communicate complaints and concerns for appropriate action or response, including, but not limited to, confidential internal investigations if warranted. [Implemented previously.]

C. Service Sales Changes

1. Southern Bell will confirm each new sale of any optional service to residential and simple (one or two line) business subscribers ("Business Subscribers") by sending a letter to the customer stating the new service ordered and the rate for such service. For new residential or Business Subscribers or those that transfer their service, Southern Bell will confirm basic and optional services and the rates for such service. Optional services will be identified as optional in this letter. The letter will state that optional services are not required in order to obtain basic telephone service. It also will state that optional services may be cancelled at any time without a cancellation charge. [Implementation: October 1, 1992.]
2. Southern Bell will review its sales training and procedures materials and revise them, if necessary, to instruct sales personnel to communicate clearly to customers the optional nature of each optional service that sales personnel recommend or a customer orders, as well as a clear description of each optional service recommended or ordered, and the rate charged for each such service. Southern Bell also will prepare and distribute a memorandum to all sales personnel in Florida instructing them to communicate clearly to customers the optional nature of each optional service that sales personnel recommend or a customer orders, a clear description of each optional service recommended or ordered, and the rate charged for each such service. This separate memorandum, and Southern Bell's sales training and procedures materials, also shall advise sales personnel to make clear to customers that optional services are not required to obtain basic telephone service. [Implementation: October 1, 1992.]
3. Southern Bell will discontinue sale of optional services by non-sales personnel in Florida. Inquiries regarding the purchase of services will be referred to Southern Bell's business offices. [Implemented previously.]

4. Southern Bell will enhance the management and reporting of its existing program for the observation of sales calls between sales representatives and subscribers. The results of local observations will be reported to the Florida headquarters and to Southern Bell headquarters in Atlanta. The results of the Florida headquarters observation program also will be reported to Southern Bell's headquarters in Atlanta.
[Implementation: October 1, 1992.]
5. Southern Bell will develop a self-inspection program to be conducted annually for each sales office in Florida, which program will cover the following matters:
 - a. sales personnel compliance with operational procedures;
 - b. the transmission of letters confirming sales to subscribers;
 - c. proper inputting of information regarding the ordering, termination, or change in service requested by subscribers; and
 - d. the level of sales activities of individual employees (to identify potential problems).
[Implementation: October 1, 1992.]
6. Southern Bell will develop an enhanced internal auditing program to audit the following activities:
 - a. the communication between sales personnel and customers of the services offered by the Company and the rate charged for such services;
 - b. the transmission of letters confirming the sale of new service to customers and the rate for such service;
 - c. the proper inputting of sales information into the company's billing system;
 - d. the level of sales by sales personnel to identify any employees whose sales may exceed reasonable limits (in an effort to identify improper sales practices);
 - e. compliance with self-inspection programs;
 - f. consideration of findings and recommendations made by Staff Review Teams following staff reviews; and-

g. the conduct and administration of sales incentive-
programs. [Implementation: October 1, 1992.]

- 7. Southern Bell will not charge its customers for cancellation of any optional service without fully disclosing any cancellation charge before the customer enrolls. [Implementation: October 1, 1992.]
- 8. If Southern Bell changes the name of one or more of its Inside Wire Maintenance Plans or other optional services covered by this Settlement Agreement, or includes one or more of them in a revised service, plan or package, the renamed, revised or packaged service shall be subject to all of the provisions of this Review Program. Likewise, conversions from one service, plan or package, to another shall be subject to all of the provisions of this Review Program governing sales.
- 9. Southern Bell will undertake to develop a means of maintaining sufficient information regarding optional services on subscriber telephones for reasonable periods of time so that such information will be available to make refunds, legally required, to subscribers. Southern Bell also will undertake to develop a means of training personnel who are responsible for making customer refunds as to the proper procedures for processing refunds legally required to be made.

D. System Changes

- 1. Southern Bell will control access to the LMOS system. Employees will be assigned personal identification numbers and passwords. Access to the system will be allowed only with the inputting of a valid access number and password. [Implementation: October 1, 1992.]
- 2. Southern Bell will standardize MLT VER codes. System changes will be implemented to prohibit changes to the MLT VER field. [Implementation: October 1, 1992.]
- 3. Southern Bell will limit the creation of Customer Direct and Subsequent Reports to a specific identified group of employees. [Implementation: October 1, 1992.]
- 4. Southern Bell will develop system edit processes to prohibit closing of trouble reports where disposition and cause codes are inconsistent. [Implementation: October 1, 1992.]
- 5. Southern Bell will standardize the administration of the Autoscreen rules. Southern Bell centrally will limit and control access to the system. [Implementation: October 1, 1992.]

6. Southern Bell will develop a method to block multiple billing of a new optional service (or package of services) if a customer already is being provided and billed for the same service either alone or as part of a package. [Implementation: January 1, 1993.]

E. PSC Reporting

1. Southern Bell will develop procedures to audit information reported to the PSC regarding trouble report processing times. [Implemented previously.]
2. Southern Bell will use receipt and final status time to determine compliance with the PSC twenty-four (24) hour interruption repair rule. [Implemented previously.]
3. Southern Bell will institute new management reports to identify instances where a receipt time, different from real time, is entered in the LMOS system. [Implementation: October 1, 1992.]
4. Southern Bell will eliminate the use of the CON Intermediate Status Code. [Implemented previously.]
5. Southern Bell will implement periodic reports that identify invalid cause codes and that contain random samples of excluded trouble, so that they may be reviewed by local offices. [Implemented previously.]
6. Southern Bell will allow troubles to be statused as 00S only during manual or automated testing or initial screening. [Implementation: December 31, 1992.]
7. Southern Bell will review and standardize its Staff Review process. Reviews will be conducted by headquarters management personnel. Findings and specific corrective action required as a result of a review will be made in writing and will be provided to Florida State Headquarters and company headquarters management. [Implemented previously.]

F. Remedies

1. A Special Master, mutually agreeable to Southern Bell and the Office, will be selected to assist in the Review Program and the Settlement Agreement. In addition to the remedies set forth in paragraph 18 of the Settlement Agreement, the Office may submit disputes regarding Southern Bell's compliance to the Special Master. If the Office elects to submit a dispute to the Special Master, the following procedures will be employed. A claim that Southern Bell is in noncompliance with the Review Program or the Settlement Agreement first should be discussed with Southern Bell and an attempt made

to resolve it consensually. If a dispute regarding compliance cannot be resolved consensually, it then should be submitted by the Office in writing to the Special Master with a copy to Southern Bell. Southern Bell shall have twenty (20) business days to respond to the claim in writing, a copy of which will be sent to the Office. The Special Master may, upon request of the parties, allow the submission of any writing, evidence or argument in connection with any matter under consideration. The Special Master has the authority to establish procedures for the submission of additional documents, evidence and argument allowing each party sufficient time to respond to any submission by the other party. There shall be no ex parte communications. The Special Master's decision regarding compliance is binding and shall be rendered within thirty (30) days after submission of all matters for consideration.

2. In the event that the Special Master finds non-compliance by Southern Bell with any of its obligations under this Review Program, or any of its obligations under the Settlement Agreement, the Office may apply to the Special Master for specific performance. In addition, the Office may seek a monetary penalty. The Special Master shall determine whether a monetary penalty should be assessed and, if so, in what amount. The procedures for applying for specific performance or a penalty shall be the same as those set forth in paragraph 1 above. All fees and expenses payable to the Special Master for work performed in connection with the Review Program or the Settlement Agreement shall be paid by Southern Bell. Any opinion expressed by The Accounting Firm regarding whether the programs in the Review Program are accomplishing their purpose shall not be used as a basis for a claim of non-compliance provided the programs are being conducted as designed. If The Accounting Firm determines that one or more provisions of the Review Program are not accomplishing their purpose, Southern Bell will develop and implement a reasonable replacement program.
3. Neither the existence of this Review Program, nor this Settlement Agreement, shall preclude the Office from bringing any civil or criminal litigation based upon conduct occurring after the date of this Settlement Agreement except as may be limited by the Settlement Agreement.
4. For each month in which Southern Bell is in non-compliance with any of its obligations under this Review Program, the Special Master shall determine whether such non-compliance warrants that an additional month will be added to the Review Program. If the

review period is extended for greater than six months, an additional audit will be conducted after each additional six-month period. If the period is enlarged for less than six months or for one or more six-month periods, plus a period of less than six-months, the final audit will be deferred until the end of the entire Review Program.

5. The Office may request that The Accounting Firm perform supplemental review work with respect to the Systems and Procedures. Such request shall be in writing and shall state the specific matter or matters of the Systems and Procedures to be reviewed during the proposed supplemental review. A copy of the supplemental review request shall be sent to Southern Bell, who shall have ten (10) business days to object to it by stating its objections in writing to the Special Master. A copy of the objection will be sent to the Office, which shall have ten (10) business days to respond. The Special Master shall decide if the supplemental review shall be performed and the scope of and procedures for the supplemental review. This decision will be in writing within thirty (30) days after submission of all matters for consideration. A copy of the decision shall be sent to the Office and Southern Bell. The Special Master's decision is binding. The cost of the supplemental review shall be borne by Southern Bell.
6. All notices required to be sent pursuant to this Review Program shall be by hand delivery (within the same city) or by an overnight express mail service (Saturday delivery, if applicable), addressed as follows:

To Southern Bell:

Mr. J. Robert Fitzgerald
Vice President and General Counsel
BellSouth Telecommunications, Inc.
Legal Department - Suite 4504
675 West Peachtree Street, N.E.
Atlanta, Georgia 30375

Mr. William S. Duffey, Jr.
King & Spalding
191 Peachtree Street
Atlanta, Georgia 30303-1763

To the Office:

Ms. Melanie Ann Hines
Office of Statewide Prosecution
The Capitol
Tallahassee, Florida 32399-1050

EXHIBIT NUMBER ____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP-4

SECURITY INVESTIGATION--ORLANDO



Southern Bell

James L. Press
General Security Manager

25.11 Southern Bell Tower
301 W. Bay Street
Jacksonville, FL 32202-4400
Phone: (904) 360-8823

October 3, 1990

RE: GEORGE MOSES SLOAN;
SERVICES TECHNICIAN
MARSHA ANN TAYLOR;
MAINTENANCE ADMINISTRATOR
EMPLOYEE DEFALCATION
FILE: 3-112-J-Y

Mr. W. R. Perry
General Manager-Network
20th Floor
Jacksonville, Florida

Dear Mr. Perry:

Attached is our Investigative Report regarding the two captioned Orlando Network Division employees and their involvement in adding unauthorized features to subscribers' lines.

Yours very truly,

James L. Press
General Security Manager
North Florida Area

Attachments

- cc: Vice President-Florida
- Vice President-Network
- Asst. Vice Pres.-Security
- General Manager-Personnel
- Area Attorney
- AVP-Labor Relations

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HEADQUARTERS SECURITY
OCT 9 1990
SOUTHERN BELL TEL & TEL CO.

RLI-1, 19. a

10. 11. 90 10:06 AM

PO3/17

- South Central Bell
- Southern Bell
- South Services

Investigative Report

Other:

State of Origin:

FLORIDA

Reporting Office: ORLANDO, FLORIDA	Investigation At: ORLANDO, FLORIDA	Date: 10-04-90
Title: GEORGE MOSES SLOAN SERVICES TECHNICIAN ORLANDO, FLORIDA MARSHA ANN TAYLOR MAINTENANCE ADMINISTRATOR ORLANDO, FLORIDA	Classification: EMPLOYEE DEFALCATION	
	Reporting Manager: A. F. BRADLEY	Blame:
	Period Covered By Investigation: 06-26-90 THROUGH 10-03-90	

Synopsis: Due to customer complaints, H. T. Jackson, Network Operations Manager-Orlando Division, requested that Security investigate possible fraud in the Network Sales Program by George M. Sloan and Marsha A. Taylor, Network employees being utilized for telephone solicitation sales. Sloan was interviewed and admitted that all of his sales referrals from March, 1989 to mid June, 1990, increasing the Wiring Maintenance Plan to full coverage for an additional cost of \$1.00 per month, were unauthorized sales with no customer contact made. Company records reflect that during this period Sloan submitted a total of 25,292 such sales. Sloan claimed that Network Assistant Manager Donald J. Babair suggested that he submit false sales. Taylor was interviewed and also admitted that for the past two years she has submitted unauthorized Wiring Maintenance Plan upgrade sales. She advised that at least 75% of her total upgrade sales were submitted without contacting the subscriber. Company records reflect that during this two year period, Taylor submitted a total of 19,224 sales to upgrade the Wiring Maintenance Plan on subscriber lines. Taylor advised that she was following management instructions from Assistant Manager Donald J. Babair to submit false sales. Babair was interviewed and denied being aware that Sloan and Taylor were cheating on their sales and also denied that he either suggested or instructed them to cheat.

CLOSED

ARTHUR F. BRADLEY
STAFF MANAGER-SECURITY

Approved By: *James D. Griffin*
GENERAL SECURITY MANAGER - NORTE FLORIDA

- Copies To:**
- ASSISTANT VICE-PRES.-SEC.
 - VICE PRES. FLORIDA
 - VICE PRES. NETWORK
 - ST. VICE PRES.-LABOR RELATIONS
 - GENERAL MANAGER-PERSONNEL
 - GENERAL MANAGER-NETWORK
 - AREA ATTORNEY

NOT TO BECOME PART OF EMPLOYEE'S PERSONNEL FILES

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PREDICATION

This investigation was initiated on June 26, 1990, based on a request from Mr. H. T. Jackson, Operations Manager-Network/Orlando Division, that Security investigate possible fraud in the Network Sales Program by George M. Sloan, Services Technician and Marsha A. Taylor, Maintenance Administrator.

The following investigation was conducted by A. F. Bradley, Staff Manager-Security.

BACKGROUNDPersonnel Records Review

George Mosas Sloan -

Employee Sloan is a Services Technician in the Orlando Network Sandlake District. His net credited service date is January 10, 1972, his date of birth is January 20, 1948, and his current rate of pay is \$616.00 per week. His last Performance Evaluation dated January 24, 1990, reflects satisfactory in quality of work and more than satisfactory in quantity of work. His file also reflects the following entries:

<u>Date</u>	<u>Description</u>
07-29-87	Warned - regarding failure to follow Company safety practices.
04-14-88	Counselled - regarding attendance.
04-04-89	Counselled - regarding attendance.

His file indicates that he was covered and signed the booklet, "A Personal Responsibility" on September 22, 1988.

A public records review was conducted and was negative. Security Organization records reflect that employee Sloan was interviewed by Security on January 15, 1986, regarding a personal check submitted by him for telephone service, that was returned by his bank for insufficient funds. He immediately covered the check in the amount of \$103.35.

Marsha Ann Taylor -

Employee Taylor is a Maintenance Administrator in the Orlando Installation/Maintenance Center. Her net credited service date is August 28, 1968, her date of birth is July 8, 1950, and her current rate of pay is \$515.00 per week. Her last Performance Evaluation dated January 22, 1990, reflects more than satisfactory in quality and quantity of work. Her file also reflects the following entries:

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<u>Date</u>	<u>Description</u>
01-07-82	Counselled - regarding attendance.
10-27-83	Counselled - regarding attendance.
03-01-85	Counselled - regarding unacceptable manner of handling customer contacts.
08-01-89	Counselled - regarding attendance
06-22-90	Warned - regarding correctness and proper completion of Company and customer records.

Her file indicates that she was covered and signed the booklet, "A Personal Responsibility" on September 15, 1988.

A public records review and Security Organization records review indicate no references for Taylor.

DETAILS

On June 19, 1990, Ron Tyo, Operations Manager for the North Florida Customer Services Central District advised Operations Manager Jackson, by letter, that representatives in the Brooksville, Florida Customer Services Office had received four subscriber complaints on June 12, 1990, challenging the Wiring Maintenance Plan cost on their bill.

The subscribers complained that without their authorization, the Maintenance Plan had been upgraded from coverage for the inside wiring and jacks (WMR) costing \$1.50 per month to the full Maintenance Plan (SEQ1X), which includes coverage for trouble isolation at an additional cost of \$1.00 per month. The subscriber advised that they did not order the additional coverage and were not contacted by anyone from Southern Bell attempting to sell the service.

Initial investigation by Mary Jane Harrelson and Julie B. Fragalia, Assistant Managers in the Brooksville Customer Services Office, determined that on all four subscribers, a Network Sales Referral Form (0069) had been forwarded by Network employee George M. Sloan (Sales Code B24IE1N) to the Jacksonville Service Order Group for processing.

At the direction of C. T. Gardner, Manager of the Brooksville Customer Services Office, additional Network Sales Referral forms were obtained for review from the Jacksonville Service Order Group Hold File. Twenty subscribers were contacted and questioned with care and discretion by Harrelson and Fragalia regarding the upgraded Maintenance Plan added to their service.

REF4 Pg. 6

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Sixteen subscribers with sales referrals submitted by Sloan stated that they did not order the additional service, and were not contacted. One sales referral submitted by Sloan upgraded the Maintenance Plan on May 14, 1990. Company records reflect that the upgraded Maintenance Plan was actually sold to this subscriber by a Service Representative on May 1, 1990. On another sales referral submitted by Sloan on May 7, 1990, added the upgraded Maintenance Plan on service that had been disconnected on May 3, 1990.

Three of these sales referrals were prepared by Network employee Marsha A. Taylor and were also contacted. In each case the subscriber advised that they did not order the additional service and was not contacted.

Prior to referring this matter to Security, Operations Manager Jackson advised his managers to immediately instruct all Network employees involved in sales, including Sloan and Taylor, to refer all potential sales through GoldLine. This would exclude any incorrect or possible unauthorized feature being added to a subscriber's service. On all sales referred through GoldLine, the subscriber is recontacted by a Service Representative. The sale is verified, cost to the subscriber is quoted and a service order is issued.

Interview of Mary Jane Harrelson

On September 10, 1990, Mary Jane Harrelson, Assistant Manager in the Brooksville, Florida Customer Services Office, was interviewed and provided the following signed statement:

"Brooksville, Florida
September 10, 1990

I, Mary Jane Harrelson, do hereby make the following free and voluntary statement to A. F. Bradley, who has identified himself as a Staff Manager for Southern Bell Telephone Company. I realize any statement I make may be used as evidence.

33 I am forty-one years old. My birthdate is June 25, 1949, and my Social Security Number is I am employed with Southern Bell as an Assistant Manager-Customer Services in Brooksville, Florida.

37 On June 14, 1990, one of my Service Representatives received a call from Brooksville subscriber 904-596-1678. The customer complained that the Maintenance Plan on her bill had been upgraded and that she had not given Southern Bell authorization to make the change.

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I called Accounting in Jacksonville to obtain a completed order to determine the sales code of the employee that sold the upgraded service. The completed order reflected employee sales code B24IE1N assigned to George M. Sloan, a Network employee in Orlando, Florida.

When I called Service Order to get a copy of the sales referral used to add the service to a customer's bill, I was told by the clerk I spoke with that her office had thousands of the sales referrals and that their office was working overtime to process them.

I referred the incident to my supervisor Charlie Gardner. We discussed the problem and he instructed me to recontact Accounting and obtain a group of the sales referral sheets so that we could contact several customers to determine if they were aware of the upgrade in their Maintenance Plan prior to them receiving their bill.

The majority of the sales referral sheets sent to me by Accounting were prepared by employee Sloan. The remaining sales referral sheets were prepared by the employee assigned Sales Code B24ID0F. I later determined that this sales code is used by Orlando Network employee Marsha A. Taylor. I called a total of eleven customers from the group of sales referrals, eight prepared by Sloan and three prepared by Taylor. On each call the customer advised that they did not order the upgrade on the Maintenance Plan, and had not been contacted by anyone trying to sell them an upgrade.

In the presence of Mr. Bradley, I placed one call to a Merritt Island customer reflecting the Maintenance Plan upgrade in April, 1990, sold by employee Sloan. The customer subscribing to 407-452-8429 advised that she did not order the upgrade and she was not contacted.

32 I also called Brooksville customer
34 subscriber to 904-596-1908. The service order reflects that Sloan upgraded her Maintenance Plan on May 22, 1990. advised that she was in Michigan during May and could not have been called.

Sales referral dated May 14, 1990, for 904-596-0036 by employee Sloan, reflects that the Maintenance Plan was upgraded. However, the records indicated that this upgrade was previously done by a Service Representative on May 1, 1990.

Sales referral dated May 7, 1990, prepared by employee Sloan on 904-376-5816, reflects that he added an upgrade to the Maintenance Plan that date. Company records reflect that this service was disconnected on May 3, 1990.

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4 In Mr. Bradley's presence, I picked at random a Network sales referral prepared by employee Taylor on 407-349-5861. The order was prepared on June 5, 1990, adding the complete Maintenance Plan adding \$2.50 to the monthly bill. Subscriber advised that no one had contacted him regarding the Maintenance service and that he had his own test equipment and did not need our Maintenance Plan.

I have read the above statement consisting of three pages and it is true to the best of my knowledge and belief. I have initialed each page and correction.

Signed:
Mary Jane Harrelson
Assistant Manager-Cust. Services
9-10-90

Witness:
A. F. Bradley
Staff Manager-Security
9-10-90"

As mentioned in Harrelson's statement, she requested a group of sales referral sheets (Form 0069) from the Jacksonville Service Order Group. She received in excess of 500 referrals. The majority of these referrals prepared by employee Sloan in May of 1990, were released by Harrelson to Bradley.

Interview of Julie B. Faraglia

On September 10, 1990, Julie B. Faraglia, also an Assistant Manager in the Brooksville Customer Services Office, was interviewed and provided the following signed statement:

"Brooksville, Florida
September 10, 1990

I, Julie B. Faraglia, do hereby make the following free and voluntary statement to A. F. Bradley, who has identified himself as a Staff Manager for Southern Bell Telephone Company. I realize any statement I make may be used as evidence.

I am forty-two years old. My birthdate is September 30, 1947 and my Social Security Number is 018-36-7360. I am employed with Southern Bell as an Assistant Manager-Customer Services, Brooksville, Florida.

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In early June, 1990, the Brooksville Customer Services Office received several customer complaints regarding the charge on their May bill for an increase regarding their Maintenance Plan. The increase was \$1.00 for upgrading the Maintenance Plan from \$1.50 per month to \$2.50 per month. The \$1.00 increase was for adding trouble isolation to the plan.

Because of the volume of errors that were initially found, I was asked by my supervisor, Charlie Gardner to contact several Brooksville customers to verify that they did, in fact, order the Maintenance Plan upgrade.

I contacted ten customers that were Network sales referrals in May, 1990, by employee George M. Sloan, whose sales code is B24IE1N. All of the contacts I made were negative. In each case the customer advised that they had not been contacted by Southern Bell to add the addition to the Maintenance Plan. I made sure in each contact that I asked if any other member of the family may have been contacted. Again, in all cases I was told by the subscriber that no one in their household was contacted.

I had ten Network sales referral slips that I used to make my customer contacts and wrote the customer's comments on each sheet. I have given these customer contact sheets to Mr. Bradley.

I have read the above statement consisting of two pages and it is true to the best of my knowledge and belief.

Signed:
Julia B. Faraglia
9-10-90

Witness:
A. F. Bradley
Staff Manager-Security
September 10, 1990"

Interview of Raymond J. Mann

On September 17, 1990, Raymond J. Mann, Manager-Network, responsible for the Orlando Sandlake Installation and Maintenance District, was interviewed and provided the following signed statement:

"Orlando, Florida
September 17, 1990

I, Raymond J. Mann, do hereby make the following free and voluntary statement to A. F. Bradley, who has identified himself as a Staff Manager for Southern Bell Telephone Company. I realize any statement I make may be used as evidence.

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2 I am forty-six years old. My birthdate is November 4, 1943, and my Social Security Number is [redacted]. I am employed with Southern Bell as a Manager-Network in the Orlando, Florida Sandlake District. My office is located at 1227 S. Division Street, Orlando, Florida, and I can be reached at 407-425-1707.

I took over the Sandlake Installation and Maintenance group in April, 1990.

It has been the practice in our district to have at least one employee when possible to work full time on telephone sales. Normally, this person would be an employee on light duty. When the load would permit, any one of a supervisor's employee might be used for sales.

When I came into the Sandlake District, Services Technician George M. Sloan, under the supervision of Assistant Manager Don Babair, was performing the sales job. He placed calls to subscribers from an office at the Division Street Work Center.

Since I was new in the district I did not concentrate on sales and left the management of Sloan in the sales job to his supervisor, Babair. Sometime in May, 1990, my Operations Manager Hal Jackson advised me that Residence Operations Manager Ron Tyo had received four or five customer complaints, that the Wiring Maintenance Plan had been upgraded on their service without authorization. These complaints were all from sales by Sloan. I personally went to employee Sloan and questioned him about the sales. He assured me that all of his sales were legitimate. I instructed him to maintain detailed records on each of his sales regarding the time of day and to whom he spoke with on all subscriber contacts.

I discussed my conversation with Sloan with Operations Manager Jackson. Since the GoldLine Sales program was just getting started, it was decided by Mr. Jackson and myself that all future sales by anyone in the district would be referred through GoldLine. Whenever a sale is referred through GoldLine, employees in that group recontact the subscriber and confirm the sale. This would insure that no unauthorized sales were being made.

In my sales experience it is not unusual to have an occasional subscriber cancel a service. For instance, if a wife bought a service and the husband did not want the additional expense. However, this would be rare.

In late June, 1990, it was brought to my attention that additional sales by employee Sloan were being cancelled by subscribers claiming they were not contacted. These again were sales in May prior to Mr. Jackson and myself instructing Sloan and all other employees to refer all sales through GoldLine.

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Following these sales complaints Mr. Jackson advised me that he was referring the possible sales problem to Security for their review.

Because all sales were then being referred through GoldLine eliminating any possible unauthorized sales and the matter was being referred to Security, I felt that I needed to take no further action pending the results of the Security review.

I have read the above statement consisting of three pages and it is true to the best of my knowledge and belief. I have initialed each page and all corrections.

Signed:
R. J. Mann
9-17-90

Witness:
A. F. Bradley
Staff Manager-Security
9-17-90"

Interview of Donald J. Babair

On September 17, 1990, Donald J. Babair, employee Sloan's immediate supervisor, was interviewed and provided the following signed statement to Bradley in the presence of Manager Mann:

Orlando, Florida
September 17, 1990

I, Donald J. Babair, do hereby make the following free and voluntary statement to A. F. Bradley, who has identified himself as a Staff Manager for Southern Bell Telephone Company. I realize any statement I make may be used as evidence.

29 I am 53 years old. My birthdate is February 26, 1937, and my Social Security Number is I am employed with Southern Bell as an Assistant Manager-I&M, and my NCS date is November 29, 1966.

George M. Sloan is a Service Technician reporting to me. I have Sloan working in Installation and Repair as needed. When the work load is not heavy, I remove him from I&M work and put him on sales. George contacts customers either by telephone or in person to sell Custom Calling features, Maintenance Plan, RingMaster, etc. He will use Company records to determine what features a subscriber has on their service. He will then call the

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customer and attempt to sell them a new feature or get them to upgrade a service. I have been advised by Security Staff Manager-Bradley that several sales shown on Company records as made by employee Sloan have come back. Either the customer has called in claiming they did not order the service or when a customer has been contacted, they claim again that they did not order the service.

I have reviewed 28 customer records with Mr. Bradley, where in each case the customer called in or was contacted and denied that they were contacted by Southern Bell regarding an upgrade in the Wiring Maintenance Plan. An upgrade in the plan would increase the customer bill for this service from \$1.50 per month to \$2.50 per month.

I am aware that employee Sloan has made several hundred sales in a month. However, it is my feeling that this number of discrepancies is unusual.

This problem has come up before with Sloan, but not in this volume. He was questioned regarding 5 or 6 sales returns in a month and he assured me that his sales were on the up and up. This problem came up last summer or fall, and I was not aware of any additional problems until this incident. He was instructed to maintain good records as to who he spoke with when he made a sale to a subscriber.

If customer sales are being improperly reported, I am not aware of it. I do not condone nor have I ever instructed employee Sloan to report improper sales.

I have read the above statement consisting of 2 pages and it is true. I have initialed each page and all corrections.

Signed:
D. J. Babair

Witness:
R. J. Mann
Manager-Network
9-17-90

A. F. Bradley
Staff Manager-Security
9-17-90"

Interview of George Moses Sloan

On September 17, 1990 and September 18, 1990, employee Sloan was interviewed and provided the following signed statement to Bradley in the presence of Manager Mann:

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Orlando, Florida
September 18, 1990

I, George Moses Sloan, do hereby make the following free and voluntary statement to A. F. Bradley, who has identified himself as a Staff Manager for Southern Bell Telephone Company. I realize any statement I make may be used as evidence.

I am forty-two years old. My birthdate is January 20, 1948, and my Social Security Number is [redacted]. I am employed with Southern Bell as Services Technician and my NCS date with Southern Bell is January 10, 1972. I report to Mr. Don Babair at 1227 Division Street, Orlando, Florida, and I may be contacted at 407-425-1707.

In March, 1989, I was relieved of my job as a Services Technician, and brought into the office to make telephone sales to subscribers. I concentrated on sales of Custom Calling features and the Wiring Maintenance Plan.

After a couple of weeks on the sales job, it was brought to my attention that my sales were not as good as others in my district. My supervisor, Don Babair, came to me one day to discuss my low sales. He suggested that one way to increase my sales was to review customer records and find those subscribers that have only the Inside Wiring and Jacks Plan (WMR) and upgrade them to the Full Maintenance Plan (SEQ1X), without making a sales contact with the subscriber. He stated that the subscriber really needed the upgrade, and it would only cost them an extra \$1.00 per month that they would not notice on their bill.

I took my supervisor's suggestion and began submitting Network Sales Referrals without contacting the subscriber on lines that only had WMR Maintenance. Since Mid March, 1989, I estimate that I have taken unearned credit for hundreds of the upgraded Maintenance Plan sales without contacting any of the subscribers.

I have reviewed 499 Network Sales Referral sheets that I submitted in May, 1990. All of these are sales referrals I submitted without contacting the subscriber. I did not keep any records of my sales referrals since March of 1989, however, I did submit a substantial number of referrals each month on subscribers that I did not contact. During this period I only submitted unauthorized referrals on the upgrade of the Maintenance Plan. All other sales referrals that I submitted on Custom Calling features or RingMaster were actual sales from a customer contact either by the telephone or in person.

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Following the initial suggestion from my supervisor Babair to submit unauthorized sales, we have not discussed the matter again.

I continued to submit unauthorized Maintenance Plan sales until the GoldLine sales referral program went into effect in my district in June of this year. Under the GoldLine Program, all sales are referred to GoldLine and they recontact the subscriber and confirm the sale. This made it impossible for me to submit a sale without first making contact with the subscriber.

My second level supervisor from March, 1989 until April, 1990, was Mr. Ron Browning. He was not aware that I was submitting false sales referrals. I never discussed my sales with Mr. Browning. Any discussion I had with management about sales was with my supervisor, Don Babair.

Approximately two months ago, I was approached by my present 2nd level supervisor, Ray Mann. He advised me that some of my sales were being questioned that they may be unauthorized. I told him there were no problems and that all of my sales were legitimate. He instructed me to maintain good records of who I spoke with when I call a subscriber so that I could prove my sales were legitimate. This was about the same time that the GoldLine Program went into effect. I started making the sales referral sheets with either an M or F to indicate that I either spoke with the Mr. or the female of the family.

Approximately five years ago, I was cut back from supervisor to craft. I felt that I was unjustly cut back and started to have a very poor attitude about my job.

When I was asked to come into the office to concentrate only on sales, I felt that this was a good opportunity for me not only to reverse my poor attitude, but to also prove to the company that I was a good contributing employee. I worked very hard in the beginning on sales, but was not keeping up with the sales made by others in my district. Because of this, I decided to take my supervisor's suggestion to refer sales without contacting the subscriber, so that I would look good in the eyes of the company.

I received a lot of gifts for my unauthorized sales. However, this was not my main objective. I truly wanted to appear to the company to be a good and contributing employee.

I am glad that this problem has been uncovered. I knew that what I was doing was improper, and it has bothered me ever since I started.

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I have read the above statement consisting of four pages and it is true to the best of my knowledge and belief. I have initialed all pages and corrections.

Signed:
George M. Sloan
9-18-90

Witness:
A. F. Bradley
Staff Manager-Security
9-18-90

R. J. Mann
Manager-Network
9-18-90"

Review of Sloan's Sales Results

All Company employees in the position to have frequent sales opportunities are assigned a sales code. In the case of employee Sloan, his sales code in 1990 through the end of February was B24IE1I. From March to the present, his assigned sales code is B24IE1N. Employee Taylor's sales code for all of 1990 has been B24IDOF.

Sales are tracked on a sales report computer printout (Form 2011A). The printout reflects monthly and year-to-date sales by sales code as well as the amount of revenues to be received from the sale for six months.

Following the interview of Sloan and before any additional interviews were conducted, the sales printouts for the Orlando Network Division were reviewed for 1990. The sales printouts for 1989 were not immediately available from the service order group or the Network staff before other interviews were conducted, however, to facilitate this report, the 1989 and 1990 sales totals for employee Sloan are reported as follows:

<u>Type Sale</u>	<u>1989</u>	<u>1990</u>	<u>Totals For 1989 and 1990</u>
Wiring Maintenance Plan	18,987	6,305	25,292
RingMaster	16	0	16
TouchTone	1	2	3
TouchStar Features	<u>96</u>	<u>4</u>	<u>100</u>
Total Sales	19,100	6,311	25,411
Reflected 6 Mo. Revenue	\$130,867	\$42,056	\$172,923

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As stated earlier in this report, instructions were given in late June, 1990, that all sales in the Orlando Network Division would be referred through GoldLine. The sales printouts for July, August, and September, 1990, reflect that the total sales submitted by employee Sloan were eight Wiring Maintenance Plans.

Interview of Marsha Ann Taylor

On September 19, 1990, employee Taylor was interviewed and provided the following signed statement to Bradley in the presence of her immediate supervisor, Larry E. Batchelor:

Orlando, Florida
September 19, 1990

I, Marsha Ann Taylor, do hereby make the following free and voluntary statement to A. F. Bradley, who has identified himself as a Staff Manager for Southern Bell Telephone Company. I realize any statement I make may be used as evidence.

I am forty years old. My birthdate is July 8, 1950, and my Social Security Number is [redacted]. I am employed with Southern Bell as Maintenance Administrator reporting to Mr. Larry Batchelor at 7900 Mandarin Drive, Orlando, Florida. My NCS date is 8-28-68.

In the Orlando Maintenance Center since the consolidation with the Sandlake Maintenance Center, there has been at least one employee assigned to telephone sales solicitation. These sales contacts with subscribers concentrated on the Wiring Maintenance Plan.

Within the last two years I was assigned this job. Initially, I worked for Mr. Don Babair, who was in charge of the sales program at the time. Prior to my assuming the sales job, fellow employees Bea Leatherman and Joy Folley had the job.

When I started in sales I was instructed by Mr. Babair to upgrade the Maintenance Plan on subscriber lines having only the Inside Wiring Maintenance, to the Full Maintenance Plan. This would increase the subscriber's bill from \$1.50 per month to \$2.50 per month. Mr. Babair instructed me to add the upgrade without contacting the subscriber.

I knew when I took over the sales job that Bea Leatherman and Joy Folley had also upgraded the Maintenance Plan on subscriber lines without contacting the customer. I recall that either Bea or Joy mentioned to me that the subscriber would not notice the increase, because most people don't look at their telephone bill that closely.

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After Don Babair left the Maintenance Center, I was placed under the supervision of Mr. Dick Newsome. Mr. Newsome and I never specifically discussed that I was adding the Maintenance feature to subscriber lines without making contact with the subscriber. However, I feel that he knew what was going on, because on more than one occasion Mr. Newsome came to me and told me not to send anymore sales referrals in that month. He stated that too many referrals might initiate an investigation.

I also worked for Mr. Gary Maser for approximately six months. I feel that he knew what I was doing, but told me he did not want to know anything about it.

Mr. Jonah Bradley also knew what was going on. He also came to me on more than one occasion telling me to hold off sending too many sales referrals in. I assume that he was concerned like Mr. Newsome, that a large number of sales in a particular month might cause problems.

My present supervisor, Larry Batchelor was not aware that I added features to subscriber lines without contacting them. He has spoken to me three times regarding problems with my sales and placed a warning entry in my record regarding correctness and proper completion of company and subscriber records.

When I came into the Maintenance Center, I was told by fellow employees not to make any waves and to do what I was told or Management would make my life hell.

I knew that what I was doing by adding additional features to subscriber lines without the subscriber's authorization was wrong, and have had many nightmares about it. However, I did what I was told by management.

The majority of my sales were the addition of the upgraded Maintenance Plan.

Reviewing Company records with Mr. Bradley reflects that from January, 1990 through May, 1990, I sold 2733 upgraded Maintenance Plans. Of these I estimate that approximately 25% of these are actual sales resulting from customer contacts. The approximately 75% remaining sales were added to the subscriber lines without making contact with the customer. I estimate all previous sales I reported since I took over the sales job would break down the same way, 25% actual sales and 75% added without contacting the subscriber.

I was pulled off sales in late June and have not done any sales solicitation since.

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As I stated before, I knew that what I was doing was wrong, however, I was following management's instructions.

I have read the above statement consisting of four pages and it is true to the best of my knowledge and belief.

Signed:
Marsha Taylor
9-19-90

Witness:
A. F. Bradley
Staff Manager-Security
9-19-90

Witness:
L. E. Batchelor
Staff Manager-IMC
9-19-90

Review of Taylor's Sales Results

The 1988, 1989, and January through June 1990 sales for Taylor as reflected on the sales printouts are as follows:

Type Sale	1988	1989	1990	Total For 1988-1990
Wiring Maintenance Plan	5,262	11,539	2,922	19,723
Custom Calling Features	0	10	0	10
TouchTone	3	3	16	22
Prestige Service	4	0	0	4
TouchStar Features	<u>0</u>	<u>0</u>	<u>2</u>	<u>2</u>
Total Sales	5,269	11,552	2,940	19,761
Reflected 6 Mo. Revenue	\$31,467	\$78,921	\$19,561	\$129,949

Interview of Jonah F. Bradley

On September 19, 1990, Jonah F. Bradley, Manager of the Orlando Network Division Maintenance Center was interviewed and provided the following signed statement:

F04B02Z 010653

F04A08Z 010653

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Orlando, Florida
September 19, 1990

I, Jonah Franklyn Bradley, do hereby make the following free and voluntary statement to A. F. Bradley, who has identified himself as a Staff Manager for Southern Bell Telephone Company. I realize any statement I make may be used as evidence.

9 I am fifty-seven years old. My birthdate is July 26, 1933 and my social security number is I am employed with Southern Bell as Manager-IMC, Orlando, Florida, and my NCS date is July 29, 1957.

In 1988, the Orlando and Sandlake Maintenance Centers consolidated under my supervision. Manager Ron Browning was the manager of the Sandlake Maintenance Center. At consolidation, Browning was moved to a different job. All managers reporting to him either moved to a different job or were reassigned to me.

At consolidation, Assistant Manager Don Babair was one of the managers moving from the Sandlake Maintenance Center to my group. He advised me that he had a good sales program in the Sandlake District and wanted to continue the program in my group. He advised me that he wanted to continue to use Maintenance Administrator Joy Folley because she was very successful in sales. I agreed and put the sales program under his supervision. When the work load permitted, Folley was placed on telephone solicitation sales. I am not sure how she obtained her leads as that was handled by Babair. The sales efforts were concentrated on the Wiring Maintenance Plan primarily, and appeared to be very successful. Again, I left this part of the business to Babair.

At one point, Folley resigned from the Company and Bee Leatherman took her place as the sales contact person, and I believe Babair still had responsibility for sales. After Leatherman, Taylor was put on sales.

Babair was then moved in the latter part of 1988 to an outside position, and I reassigned the sales responsibility to Assistant Manager Dick Newsome. Again, the sales appeared to me to be in good shape under Newsome.

Because there were gifts associated with the sales job for the manager of the person actually making the sales contacts, I made the decision to rotate the managers responsible for sales.

F04B02Z 010654

F04A08Z 010654

-17-

I don't recall the date, but I took Newsome off the sales program and assigned the job to Assistant Manager Gary Maser. He kept the job for approximately one year then I turned the job over to Assistant Manager Larry Batchelor. Batchelor kept that job until I suspended the sales program in June, 1990.

I suspended the program when I received information that there may be an integrity problem in the sales program.

Over a two year period, I received approximately ten to twelve complaints from the Residence Service Centers regarding customer complaints that they had the wiring maintenance plan added to their line without authorization or knowledge.

I felt that this was such a small percentage of the overall sales, that these I received, maybe one a month, were not a sign of a problem. I have known of sales made to one member of the family such as the wife or children and the husband would call and cancel the sale after receiving the bill.

In approximately March of this year, I received a letter through my supervisor, Operations Manager Hal Jackson, that several subscribers had complained they did not order the upgraded Maintenance Program shown sold by Maintenance Administrator Marsha Taylor.

Marsha Taylor had been placed in the sales job after Bee Leatherman. Approximately two years ago, Leatherman was terminated for attendance.

I gave the customer complaints to Assistant Manager Maser and after talking with Taylor, Maser was assured by Taylor that all of her sales were legitimate. No further action was taken at that time.

Following receipt of the complaints in March, I received additional complaints from other customers regarding the Maintenance Plan added to their line without their knowledge. These were also sales by Taylor.

Assistant Manager Batchelor met with Taylor. Batchelor did not accuse her of cheating but did place a warning in her personnel file regarding her correctness and proper completion of Company and customer records.

I did not take any further action and suspended the sales program completely. I took no further action because I was aware that Mr. Jackson was going to request that Security review the matter.

F04B022 010655

F04A08Z 010655

-18-

I have been advised that employee Taylor assumed that I was aware that she was falsely reporting sales.

Because of the nature of the Maintenance Center business, it was not possible to have a person on sales at all times. Also, because of the competition in sales, I attempted to show a steady sales effort each month.

I have at times personally gone to Taylor at the end of the month, especially after a good month, and requested that any sales not submitted be held for the following month. Since she was the only one selling, this would allow us to show a competitive effort each month, even when she was assigned other duties or on vacation. The allegation made by Ms. Taylor that I had knowledge she was submitting unauthorized sales is totally untrue.

Adding unauthorized features to a subscriber's line is an obvious way to create customer complaints which can easily be checked. In no way would I place my long career with Southern Bell in jeopardy by endorsing such actions as this.

I have read the above statement consisting of 5 pages and it is true to the best of my knowledge and belief. I have initialed each page and all corrections.

Signed:
Jonah F. Bradley
Mgr.-IMC
9-19-90

Witness:
A. F. Bradley
Staff Manager-Security
September 19, 1990"

Interview of Richard W. Newsome

On September 19, 1990, Richard W. Newsome was interviewed and provided the following signed statement:

"Orlando, Florida
September 19, 1990

I, Richard Walton Newsome, do hereby make the following free and voluntary statement to A. F. Bradley, who has identified himself as a Staff Manager for Southern Bell Telephone Company. I realize any statement I make may be used as evidence.

F04B02Z 010656

F04A08Z 010656

2 I am fifty-four years old. My birth date is March 22, 1936 and my social security number is . I am employed with Southern Bell as an Assistant Manager, IMC, in the Orlando, Florida District Maintenance Center.

In the Orlando Maintenance Center we had a sales solicitation program until it was suspended in June of this year. The sales program consisted of one person making solicitation calls to customers when they were not performing their normal duties.

Maintenance Administrator Marsha Taylor was the last employee used on this job.

It is my understanding that the sales program was started by Assistant Manager Don Babair when the Sandlake Maintenance Center and the Orlando Maintenance Center were consolidated in 1988.

Approximately two years ago, Marsha Taylor was moved from Babair's supervision to mine, giving me the responsibility for sales.

Although Taylor reported to me she was left alone to make sales contacts, she was given an office, a telephone and customer printouts to make her calls. Her sales were very good and it appeared that very little supervision was required. While Taylor was under my supervision, I had no indication that she might be submitting unauthorized sales.

It was recently brought to my attention by Assistant Manager Batchelor that several complaints had been received from subscribers that the Wiring Maintenance Plan had been added to their service without their authorization. I was also advised that in all cases the sales were submitted by employee Taylor.

I have been advised that employee Taylor has admitted to Mr. Bradley that she has submitted numerous sales of the Maintenance Plan on subscribers' lines without contacting the subscriber.

I have also been advised that Taylor indicated to Mr. Bradley that I was aware that she was taking credit for unauthorized sales.

I was not aware until recently that Taylor was submitting unauthorized sales. Her statement is totally untrue that I had knowledge of this.

F04B02Z 010657

F04A08Z 010657

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I do recall going to Taylor when she worked for me, when we had a good month of sales, and asking her to hold back any unreported sales that month and hold them for the following month. This was done so that we would have an even flow of sales from the Maintenance Center for each month.

Again I was not aware of any unauthorized sales by Taylor while she was under my supervision and certainly did not instruct her or ask her to cheat.

I have read the above statement consisting of three pages and it is true to the best of my knowledge and belief. I have initialed each page and all corrections.

Signed:
Richard Walton Newsome
Asst. Mgr.-IMC
9-19-90

Witness:
A. F. Bradley
Staff Manager-Security
September 19, 1990

Jonah F. Bradley
Mgr.-IMC
9-19-90"

Second Interview of Donald J. Babair

On September 20, 1990, Donald J. Babair was re-interviewed and provided the following signed statement to Bradley in the presence of Manager Raymond Mann:

"Orlando, Florida
September 20, 1990

34 I, Donald J. Babair, do hereby make the following free and voluntary statement to A. F. Bradley, who has identified himself as a Staff Manager for Southern Bell Telephone and Telegraph Company. I realize any statement I make may be used as evidence. I am fifty-three years old. My birth date is February 26, 1937 and my social security number is [redacted]. I am employed with Southern Bell as an Assistant Manager, I&M, and my NCS date is November 29, 1966.

I have been advised that I have been identified by craft employees Marsha Taylor and George Sloan as the management person providing them with the idea to add the upgraded Maintenance Plan to subscribers' lines without contacting the subscriber. This is absolutely untrue. At no time did I ever tell either of these employees to report false sales.

F04B02Z 010658

F04A08Z 010658

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As I recall, shortly after Sloan was on the sales job, either I went to him or he came to me and we discussed his low sales. Sloan asked me how Renee Smith, the Services Technician that did the sales before Sloan, made so many sales. I recall telling Sloan that I had no proof but to make so many sales, I thought that Smith may be cheating. I also told Sloan that Joy Folley, a Maintenance Administrator handling sales in the Maintenance Center, told me on the day she quit the Company in July, 1988, that she was cheating on her sales. She stated that she added the Maintenance Plan on subscribers' lines without contacting them. She said something like, everybody needs protection. I don't remember if I informed my supervisor, Jonah Bradley, what Folley said.

I do recall that last summer, possibly in June, my supervisor Ron Browning gave me six or eight customer sales that were returned where the customer claimed they were not contacted by Southern Bell. These were sales reported by Sloan. I went to him and questioned him about the sales and he assured me there was no problem. I viewed these few complaints as customers calling back because they really didn't want the Maintenance Service.

Again in the late summer of 1989, there were approximately ten additional sales referred by Sloan returned for the same reason. Again I questioned Sloan and he said there was no problem with his sales and he did not understand why the sales were returned. He insisted that he did speak with someone at the subscriber's residence and possibly the sale was held by the Jacksonville Service Order Group. Mr. Browning was also with me when I spoke with Sloan the second time. We both told Sloan that it would be a good idea to note on the sales referral who he spoke with when he made a sale. I did not follow-up to see if he was, in fact, noting his sales referrals.

Employee Marsha Taylor only worked for me a short time while I was in the Maintenance Center and she only sold for me on a few occasions. Again, I never instructed her or suggested to her to cheat on her sales.

I have no idea why these two employees would state that I told them to cheat.

There are gifts associated with high sales and I have been the recipient of several such gifts. However, I would never jeopardize my job with Southern Bell cheating on sales to receive gifts.

F04B02Z 010659

F04A08Z 010659

I have read the above statement, consisting of 3 pages and it is true to the best of my knowledge and belief. I have initialed each page and all corrections.

Signed:
D. J. Babair
9-20-90

Witness:
A. F. Bradley
Staff Mgr.-Security
September 20, 1990

R. J. Mann
Mgr.-Network
Sept. 20, 1990"

Interview of Ronald E. Browning

On September 20, 1990, Ronald E. Browning was interviewed and provided the following signed statement:

Sanford, Florida
September 20, 1990

I, Ronald Eugene Browning, do hereby make the following free and voluntary statement to A. F. Bradley, who has identified himself as a Staff Manager for Southern Bell Telephone Company. I realize any statement I make may be used as evidence.

25 I am fifty years old. My birth date is September 12, 1940 and my social security number is I am employed with Southern Bell as the Manager-Construction, Installation/Maintenance, Sanford, Florida. My office is located in Sanford, Florida at 132 Commerce Way.

I worked at the Sandlake, Florida Maintenance Center as the manager from 1983 to March of 1988. I then was moved to supervise the Sandlake Installation and Maintenance District until I was moved to Sanford in April of this year.

I have been advised that while under my supervision, Services Technician George M. Sloan submitted hundreds of unauthorized sales referrals, adding the upgraded Maintenance Plan to subscribers' lines without contacting the subscriber.

F04B02Z 010660

F04A08Z 010660

I have absolutely no knowledge that this was happening.

When I went to the Sandlake I&M District, a Sales Solicitation Program was already in place using a craft employee to make telephone and in-person sales contacts with subscribers. I left the program intact. In about March of 1989, the craft employee performing the sales job requested to be taken off sales. After conferring with my first level managers for volunteers, it was decided to give Services Technician George Sloan the opportunity to demonstrate his potential as a sales person.

Sloan's immediate supervisor at that time was Assistant Manager Don Babair who also supervised Sloan's sales efforts.

While Sloan was on the job, his sales were good. During that time, I did receive inquiries on two or three occasions regarding questionable sales by Sloan, which amounted to not more than a dozen total sales, where the subscriber claimed they were not contacted. It was determined after investigating these sales, for whatever reason, the customer changed their mind.

Due to the large number of sales being submitted by Sloan and the very low number of inquiries brought to my attention, I had no reason to suspect that there was any problem with integrity. However, I did take the opportunity on each inquiry referred to me to stress to both Sloan and Babair the importance of maintaining integrity in the sales program.

If I would have had any knowledge that unauthorized sales were being reported by anyone under my supervision, I would have removed that person from the sales program, investigated the problem and would have taken the appropriate action.

I have read the above statement, consisting of two pages, and it is true. I have initialed each page and all corrections.

Signed:
Ronald E. Browning
Mgr.-Const/I&M
9-20-90

Witness:
A. F. Bradley
Staff Manager-Security
September 20, 1990"

F04B02Z 010661

F04A08Z 010661

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Interview of Gary Lee Maser

On September 21, 1990, Gary Lee Maser was interviewed and provided the following signed statement:

"Hollywood, Florida
September 21, 1990

I, Gary Lee Maser, do hereby make the following free and voluntary statement to A. F. Bradley, who has identified himself as a Staff Manager for Southern Bell Telephone and Telegraph Company. I realize any statement I make may be used as evidence.

12 I am thirty-nine years old. My birth date is July 31, 1951 and my social security number is 293-50-2353. I am employed with Southern Bell as an Assistant Manager-IMC in Hollywood, Florida at 250 SW 62nd Avenue. I may be contacted at 305-985-9110.

I was moved into the Orlando Maintenance Center in June of 1988 and took the position held by Don Babair. He went to the field and took my old position.

In early 1989, my supervisor, Jonah Bradley, placed Maintenance Administrator Marsha Taylor under my supervision. At that time, Taylor spent the majority of her time doing telephone solicitation sales. Actually Taylor was not supervised by me in her sales job, she just reported to me on paper.

Approximately eight months ago, a letter came down from Jacksonville regarding six customer complaints that the Maintenance Plan was added to their service without their authorization. They were sales referred by Marsha Taylor and the customers complained that they were never contacted by anyone from Southern Bell.

I went to Taylor and questioned her about the complaint. She assured me that her sales were legitimate and that she made a subscriber contact on each sale. In fact, she questioned me for questioning her integrity. She indicated that she was a former Service Representative and had sales training.

I discussed my conversation with Taylor with my supervisor, Jonah Bradley. He felt that six complaints out of the thousands of sales by Taylor was not out of line, and told me not to carry it any further. This was the last time I heard about any problems with Taylor's sales.

F04B02Z 010662

F04A08Z 010662

-25-

I left Orlando in late July of this year and transferred to Hollywood.

While in Orlando, I never discussed the possibility that there was a problem with the sales effort in the Maintenance Center with any of the other managers including my supervisor, Jonah Bradley.

When I was a craftsman, I also did telephone sales when I reported to Mr. Red Pullin in 1984 and 1985. I was very successful in telephone sales. Based on my success, I knew that it was possible to generate a lot of sales by telephone, so I had no personal reason to suspect that Taylor may be cheating.

I have read the above statement consisting of three pages and it is true to the best of my knowledge and belief. I have initialed all three pages and corrections.

Signed:
Gary L. Maser
Asst. Mgr.
9/21/90

Witness:
A. F. Bradley
Staff Manager-Security
September 21, 1990"

Interview of Lawrence E. Batchelor

On September 21, 1990, Lawrence E. Batchelor was interviewed and provided the following signed statement:

"Orlando, Florida
September 21, 1990

I, Lawrence E. Batchelor, do hereby make the following free and voluntary statement to A. F. Bradley, who has identified himself as a Staff Manager for Southern Bell Telephone and Telegraph Company. I realize any statement I make may be used as evidence. I am thirty-eight years old. My birth date is January 2, 1952 and my social security number is

I am employed with Southern Bell as a Staff Manager, IMC, at 7900 Mandarin Drive, Orlando, Florida.

I was present on September 19, 1990, when employee Marsha Taylor admitted that for approximately the last two years she has been submitting unauthorized sales by adding the upgraded Maintenance Wiring Plan to subscribers' lines without making any contact with the subscriber.

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F04A08Z 010663

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Taylor reported to me from February to May of this year. She is a Maintenance Administrator in the Maintenance Center. However, she has been making subscriber sales solicitation calls for the past two years. Taylor reported to me on paper, however, she operated with little or no supervision in the sales job.

Taylor was submitting hundreds of sales each month. In March, soon after Taylor began to report to me, I received a call from the Residence Service Center regarding a customer complaint that a feature was added to their line without authorization. I went to Taylor and discussed the complaint, instructing her to make sure that her records were accurate. Because the volume of her sales were so high, I thought this complaint was most likely a clerical error.

In April, I received a second complaint from the Residence Service Center regarding a second subscriber claiming that a feature was added to their line without authorization. This was another sale submitted by Taylor, and again I discussed the customer complaint with Taylor. I told her to make sure she is talking with the subscriber on her sales and note who she spoke with. I did not suspect that there may be a problem with her sales, again, because of the large volume, and I only received two complaints in a two month period.

In June, following the receipt of a letter through my lines of organization from Customer Services Center Operations Manager Ron Tye, I met with Taylor regarding a third customer complaint on one of her sales.

Again, I did not suspect that she may be cheating and viewed the problem as the accuracy of records. As the result of this complaint, I placed a warning entry in her personnel file regarding the correctness and proper completion of Company and customer records. I had no previous knowledge that Taylor was cheating on her sales, and had no knowledge that any other manager in the Maintenance Center was aware or condoned her actions.

In her interview with Mr. Bradley, Taylor made a statement that she was advised by fellow employees when she came to the Maintenance Center that if she did not do whatever she was told by management her life would be hell.

As long as I have been in the Maintenance Center, I have not observed any mistreatment of the craft employees by any managers including my supervisor, Jonah Bradley.

F04B02Z 010664

F04A08Z 010664

I have read the above statement, consisting of three pages, and it is true to the best of my knowledge and belief. I have initialed each page and all corrections.

Signed:
L. E. Batchelor
Staff Manager-IMC
Sept. 21, 1990

Witness:
A. F. Bradley
Staff Manager-Security
September 21, 1990"

Interview of Renee Hill Smith

On September 26, 1990, Renee Hill Smith was interviewed as a result of information developed in the second interview of Babair. The following signed statement was provided to Bradley in the presence of Manager Mann:

"Orlando, Florida
September 26, 1990

I, Renee Hill Smith, do hereby make the following free and voluntary statement to A. F. Bradley, who has identified himself as a Staff Manager for Southern Bell Telephone Company. I realize any statement I make may be used as evidence.

24

I am forty-one years old. My birth date is April 11, 1949 and my social security number is [redacted] I am employed with Southern Bell as a Services Technician and my NCS date is March 3, 1971. I report to Mr. Don Thompson and I may be contacted through him at 407-291-6432.

In all of 1987 and 1988, I spent the majority of my time making sales solicitation calls to subscribers. Initially, during this period, I reported to Mr. Red Pullin, Assistant Manager I&M. For approximately the last month on the sales job, my supervisor changed and I began reporting to Mr. Carl Hoeltke.

In the sales job, I was brought into the Orlando Division Street Work Center. I was given an office, access to customer records and a telephone. My instructions were to review the customer records and call the customer and attempt to sell them additional telephone features. I was told to sell any of the custom calling features and the Wiring Maintenance Plan.

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On September 27, 1990, Lewis/Folley was telephonically interviewed by Staff Manager Bradley. She declined to meet with Bradley or provide a signed statement, but did agree to discuss her involvement in solicitation sales when employed by Southern Bell in the Maintenance Center.

When questioned, she denied that she added features to subscriber lines without contacting the subscriber and actually selling an added feature. She stated that she could not understand employee Taylor's motive, when she advised Bradley that she knew Lewis/Folley was cheating on her sales. She also denied that she told Don Babair that she was cheating on her sales.

She did indicate that on a few occasions she may have sold a custom calling feature or the Wiring Maintenance Plan to another member of a family other than the listed subscriber, and the listed subscriber may have called the Business Office after receiving their bill and cancel the added feature.

Interview of Beatrice Griggs Leatherman

Leatherman was terminated from the Company in May of 1989 due to attendance problems. In all of 1988 and through May, 1989, she placed solicitation sales calls in the Orlando Maintenance Center, and was credited with 14,829 Maintenance Plan sales reflecting a six months revenue figure of \$89,079.

On September 28, 1990, Leatherman was telephonically interviewed by Bradley. She advised that her personal schedule would not permit an in-person interview in the near future, but did agree to discuss her involvement in solicitation sales while working in the Orlando Maintenance Center.

When questioned, she denied cheating by adding features to subscriber lines without contacting the subscriber, and actually making a sale. She also had no explanation why employee Taylor would make the statement that she cheated on her sales. She further stated that she had no knowledge of any other employee cheating on sales or that management condoned cheating.

COMPANY RECORDS

The following Company records relating to sales in the Orlando Network Division were obtained and are being held by Security.

F04B02Z 010667

F04A08Z 010667

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1. Sales records for 1988, 1989, and 1990 maintained by the Orlando Network Division and by Liz Sutton of the North Florida Network Staff. This includes all available sales printouts (Form 2011A).
2. All available Network Sales Referral Sheets (Form 0069) for employees Sloan and Taylor. It was determined that the sales referrals for all of 1988 and up through October of 1989, have been purged from the Service Order Group Hold File.
3. Copies of Award Checks for 1988, 1989, and 1990 issued to employees in the Orlando Network Division for sales. These checks are for sales points to be used as cash to purchase catalog gifts for their sales effort.

SUMMARY OF INCENTIVE GIFTS RECEIVED FOR SALES

As indicated in this report, in 1988 and 1989 prior to GoldLine, employee sales were shown on sales printouts (Form 2011A) with the monthly and year-to-date cumulative sales along with the reflected six month revenue to be realized. The employee would receive sales points in the form of an award check worth 10% of the reflected six months revenue, to purchase catalog gifts. The program was also set up so that the employee's first level supervisor would be eligible for an award check worth 3% of the reflected six months revenue. The employee's second level supervisor would be eligible for an award check of 1% up through June of 1989 and 1 1/2% from July through December, 1989.

In 1989 Sloan received award checks totaling 130,427 points valued at \$13,042.70, that he utilized to purchase gifts. With this, his first and second level supervisors received sales points based on the above percentages.

Employee Sloan was the outside Installation and Maintenance winner of a statewide sales contest held from June 1, 1989 through December 31, 1989, and received in addition to his sales points, a 40 inch color TV valued at \$1,550.00. His first and second level supervisors received Cam Corders valued at \$825.00 each.

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10. 11. 80 10:21 AM

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In 1988 and 1989, employee Taylor received award checks totaling 104,512 points valued at \$10,451.20 that she also utilized to purchase catalog gifts. She reported to three different first level supervisors during this period, Donald Babair, Gary Masar, and Dick Newsome. They along with her second level supervisor, Jonah Bradley received sales points as explained above.

Taylor was the statewide sales winner for the Maintenance Centers in the same sales contest won by Sloan. She also won a 40 inch color TV set, and her first level at the time, Gary Masar, received a Cam Corder. The second level sales contest winner was a South Florida employee.

Since GoldLine went into effect in January, 1990, employees now receive 4% of the reflected six months revenue. The employee's first, second, and third level supervisors receive gift certificates of four dollars, three dollars and one dollar for each one thousand dollars in sales.

In 1990 Sloan has accumulated \$960.80 credit in his GoldLine account and has collected \$500.00. The remaining amount is being held by GoldLine and will not be released per instructions from Security. Taylor has accumulated a total of \$858.96 in her GoldLine account. The full amount is being held by GoldLine and also will not be released pending final review of this matter.

DISPOSITION

As of this writing, no administrative action has been taken.

CLOSED

F04B02Z 010669

F04A08Z 010669

EXHIBIT NUMBER ____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP-5

INTERNAL AUDIT--NON-CONTACT SALES--FLORIDA

EXHIBIT NUMBER ____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP-6

SALES RELATED DISCIPLINE

SPECIAL STUDY
SALES RELATED DISCIPLINE
WEST PALM BEACH/ORLANDO

*1.

Services Technician
West Palm Beach, FL

Terminated for misconduct that resulted in subscribers being charged for certain services which they neither requested or authorized.

ATTACHED:

Form 3181-B Current Entry
Form 3G3A Record of Grievance
Security Statement

2.

Assistant Manager
Riviera Beach, FL

Suspended for two weeks without pay regarding failure to properly supervise subordinates and failure to adequately investigate complaints regarding improper activity.

ATTACHED:

Form 3181-B Current Entry
No Form 3G3A Record of Grievance - Management Employee

3.

Administrative Support Manager
West Palm Beach, FL

Counseled regarding his failure to properly supervise subordinates and his failure to adequately investigate complaints regarding improper activity.

ATTACHED:

Form 3181-B Current Entry
No Form 3G3A Record of Grievance - Management employee

*4.

Manager
West Palm Beach, FL

Terminated for misconduct that resulted in subscribers being charged for certain services which they neither requested or authorized.

ATTACHED:

No Form 3181-B Current Entry
No Form 3G3A Record of Grievance - Management employee

*6.

Maintenance Administrator
Orlando, FL

6-22-90 Warned concerning the correctness and proper completion
of company and customer records.

10-25-90 Terminated for misconduct that resulted in subscribers
being charged for certain services which they neither requested nor
authorized.

ATTACHED:

Form 3181-B Current Entries
Form 3G3A Record of Grievances
Security Statement

Services Technician
Orlando, FL

Terminated for misconduct that resulted in subscribers being charged
for certain services which they neither requested nor authorized.

ATTACHED:

Form 3181-B Current Entry
No Form 3G3A Record of Grievance - No Grievance Filed
Security Statement

*8.

Assistant Manager-Maintenance
Orlando, FL

Terminated for mismanagement.

ATTACHED:

No Form 3181-B Current Entry
No Form 3G3A Record of Grievance - Management Employee
Security Statement

Assistant Manager-Maintenance
Orlando, FL

Suspended for two weeks without pay as a result of his failure to properly utilize employees in their proper work assignments and his failure to adequately investigate complaints of improper activity.

ATTACHED:

Form 3181-B Current Entry
No Form 3G3A Record of Grievance - Management Employee
Security Statement

*10.1
Manager-Maintenance
Orlando, FL

Suspended for two weeks without pay as a result of his failure to properly utilize employees in their proper work assignments and his failure to adequately investigate complaints of improper activity.

ATTACHED:

Form 3181-B Current Entry
No Form 3G3A Record of Grievance - Management Employee
Security Statement

11.
Manager-Construction/Maintenance
Sanford, FL

Suspended for two weeks without pay as a result of his failure to properly utilize employees in their proper work assignments and his failure to adequately investigate complaints of improper activity.

ATTACHED:

Form 3181-B Current entry
No Form 3G3A Record of Grievance - Management Employee
Security Statement

12.
Assistant Manager
Orlando, FL

Counseled regarding his failure to properly supervise subordinates and his failure to adequately investigate complaints regarding improper activity.

ATTACHED:

Form 3181-B Current Entry
No Form 3G3A Record of Grievance - Management Employee
Security Statement

13. J
 Assistant Manager
 Orlando, FL

Counseled regarding his failure to exercise proper judgement and his failure to adequately investigate complaints of improper activity.

ATTACHED:

Form 3181-B Current Entry
 No Form 3G3A Record of Grievance - Management Employee
 Security Statement

14. Assistant Manager
 Orlando, FL

Counseled regarding his failure to exercise satisfactory judgement.

ATTACHED:

Form 3181-B Current Entry
 No Form 3G3A Record of Grievance - Management Employee
 Security Statement

15. J
 Admin. Support Manager
 Orlando, FL

Counseled regarding his failure to properly supervise subordinates and his failure to adequately investigate complaints regarding improper activity.

ATTACHED:

Form 3181-B Current Entry
 No Form 3G3A Record of Grievance - Management Employee
 Security Statement

16. Manager
 Orlando, FL

Counseled regarding his failure to properly supervise subordinates and his failure to adequately investigate complaints regarding improper activity.

ATTACHED:

Form 3181-B Current Entry
 No Form 3G3A Record of Grievance - Management Employee
 Security Statement

* Southern Bell demanded these individuals return any prizes or awards they had earned as a result of the unauthorized sales activity. Alternately, they could reimburse Southern Bell for the value of the prizes or awards established as of the date they received them.

Southern Bell Tel. & Tel. Co.
FPSC Docket No. 910163-TL
Late-Filed Exhibit Requests
June 17, 1992
Late-Filed Exhibit No. 8

Request: Missing entries from Exhibit 8 (Southeast/South
Florida Special Study Sales Related Discipline).

Response: Documents attached.

SOUTHEAST/SOUTH FLORIDA AREAS

SPECIAL STUDY

COPY

SALES RELATED DISCIPLINE

1.

2/15/90

Service Rep
Fort Lauderdale, Florida

Employee warned for disregarding Company Policy of not disclosing service and rates during order negotiations with the customer.

ATTACHED: 3117 Form
B Form Entry

NOTE: No 3G3A Grievance Form
No Security Investigation

2.

11/16/90

Service Rep
West Palm Beach, Florida

Employee was suspended for falsifying Company and customer records. She provided services to customers without their authorization or knowledge.

ATTACHED: 3117 Form
B Form Entry

NOTE: No 3G3A Grievance Form
No Security Investigation

3.

12/10/90

Service Rep
West Palm Beach, Florida

Employee was counseled regarding proper procedures for handling customer contacts. The employee was disciplined for providing services that the customer neither requested nor authorized.

NOTE: The employee was originally warned, and during the grievance procedure, this was reduced to a counseling entry.

ATTACHED: 3117 Form
B Form Entry
3G3A Grievance Form

NOTE: No Security Investigation

ALSO ATTACHED: B Form Entry Revised Through Settled Grievance

4. |

Service Rep
Fort Lauderdale, Florida

Employee was suspended on March 8, 1989 for flagrant disregard of Company Policy which resulted in defrauding a customer.

ATTACHED: 3117 Form
B Form Entry
NOTE: No 3G3A Grievance Form
No Security Investigation

5. |

Service Rep
Fort Lauderdale, Florida

Employee was terminated on August 21, 1991 for misconduct in connection with a customer being provided services they neither requested nor authorized.

ATTACHED: 3117 Form
B Form Entry
NOTE: No 3G3A Grievance Form
No Security Investigation

6.

Service Rep
Fort Lauderdale, Florida

3/1/89

Employee was suspended for customer mistreatment which included failure to properly issue service orders and provided services which the customer neither requested nor authorized.

ATTACHED: 3117 Form
B Form Entry
NOTE: No 3G3A Grievance Form
No Security Investigation

7. |

11/29/90

Service Rep
Fort Lauderdale, Florida

Employee was terminated for misconduct which resulted in customers being provided with services they neither requested nor authorized.

ATTACHED: 3117 Form
B Form Entry
NOTE: No 3G3A Grievance Form
No Security Investigation

8. |

2/13/88

Service Rep
Fort Pierce, Florida

Employee was suspended for failure to follow instructions to not issue service orders on her own account. The employee was generating service orders on her own account and those of her acquaintances in order to secure sales for incentive awards.

ATTACHED: 3117 Form
B Form Entry
NOTE: No 3G3A Grievance Form
No Security Investigation

9. |

Service Rep
Fort Lauderdale, Florida

Employee was warned for improperly securing sales toward incentive awards. Employee was soliciting service orders from non-award eligible co-workers for her own personal gain.

ATTACHED: 3G3A Grievance Form
NOTE: No 3117 Form - CANNOT LOCATE AS CURRENT SOUTHERN BELL EMPLOYEE AS OF 8/30/91
No B Form Entry
No Security Investigation

10.

Collections Rep
Fort Lauderdale, Florida

10-9-85

Employee was suspended for her failure to follow Company policy which affected customer billing. Employee was using service orders to provide customers with services that they neither requested nor authorized for her own personal gain (sales incentive).

ATTACHED: 3117 Form
B Form Entry
NOTE: No 3G3A Grievance Form
No Security Investigation

11.

Service Rep
Miami, Florida

7/24/89

Employee was suspended one day on July 20, 1989 for discussing an order for over seventeen minutes with a customer concerning her move. When conversation ended, he cleared the service without sending the order. This withheld service from the customer as well as distorted his sales figures by lowering the base.

ATTACHED: 3117 Form
B Form Entry
3G3A Grievance Form
NOTE: No Security Investigation

12.

Services Technician
Miami, Florida

12/17/87

Employee was terminated on December 17, 1987 along with for misconduct associated with falsifying sales on customer accounts. Another Service Representative had complained that call waiting had been added to her service without her consent and the following investigation revealed and another employee were falsifying sales.

ATTACHED: 3117 Form
B Form Entry
3G3A Grievance Form
NOTE: No Security Investigation

13.1 -
Services Technician
Miami, Florida

12/17/87

was terminated on December 17, 1987 for misconduct associated with falsifying sales on customer accounts. Another Service Rep had complained that call waiting had been added without her consent and an insuing investigation revealed and another Services Technician both were adding services to customer accounts without authorization.

ATTACHED: 3117 Form
B Form Entry
3G3A Grievance Form
Security Investigation

14.1
Service Representative
Miami, Florida

9/28/89

was suspended on September 28, 1989 for five and one-half hours for adding speed calling features to a customer order without discussing or selling it to the customer.

ATTACHED: 3117 Form
B Form Entry
3G3A Grievance Form
NOTE: No Security Investigation

✓ 15.
Service Representative
Miami, Florida

On May 24, 1989 Brown was induced to resign due to a review of his orders which showed many features added to customer orders which were unauthorized.

ATTACHED: 3117 Form
B Form Entry
3G3A Grievance Form
NOTE: No Security Investigation

✓ 16. |

Services Technician
Miami, Florida

Employee was terminated on December 1, 1986 for falsifying customer records and his work reports. On October 1, 1986 a complaint was received from the Customer Services department that sales code C-41R17I (Smith's) was being used for many T.I.P. sales that customers were denying. They said it looked as if someone had gone down the pages of the phone book and added T.I.P. to customer's service. Network department investigated for about a month and concluded that the false sales accusations were true as well as falsification of the employee work records.

ATTACHED: 3117 Form
3G3A Grievance Form
NOTE: No B Form Entry
No Security Investigation

✓ 17. |

Service Representative
Miami, Florida

Employee was terminated on October 29, 1987 for misconduct related to invalid sales. She had previously been suspended for invalid sales during the President's Cup Campaign on November 19, 1984. Various customers began complaining in October 1987 that they were being billed for custom calling features they never ordered, and on October 26, 1987 several observations verified that was indeed placing invalid sales on customer orders.

ATTACHED: 3117 Form
B Form Entry
3G3A Grievance Form
NOTE: No Security Investigation

✓ 18. |

Service Representative
Miami, Florida

Employee was induced to resign on February 3, 1986 after the department investigated claims of other Service Reps that Tony had been cheating on sales. Employee indeed had been adding non-authorized items to customer orders and had also been destroying and not processing non-sales revenue producing orders to increase his percentage sales figures.

ATTACHED: 3117 Form
3G3A Grievance Form
NOTE: No B Form Entry
No Security Investigation

SOUTHEAST/SOUTH FLORIDA AREAS
SPECIAL STUDY
SALES RELATED DISCIPLINE

1. |

Service Representative
Fort Pierce, Florida

09-05-91 Suspended four (4) days for misconduct in connection with providing customer with service neither requested or authorized.

ATTACHED:

Form 3181-B Current Entry
Form 3G3A Record Of Grievance
No Security Investigation

2. |

Service Representative
West Palm Beach, Florida

09-18-91 Warned for her involvement in a subscriber being charge for service they neither requested nor authorized.

ATTACHED:

Form 3181-B Current Entry
Form 3G3A Record Of Grievance
No Security Investigation

3. |

Service Representative
Miami, Florida

11-19-91 Employee warned for putting calling card and wire maintenance on customer records without their knowledge or authorization.

ATTACHED:

Form 3181-B Current Entry
Form 3G3R Request For Formal Grievance Meeting
No Security Investigation

4. Service Representative
Miami, Florida

12-04-91 Employee warned for putting items on customers' records without their knowledge or authorization.

01-22-92 Entry reduced to counseling in settlement of grievance.

ATTACHED:

Form 3181-B Current Entry
Form 3G3A Record of Grievance
No Security Investigation

6. Service Representative
Miami, Florida

12-23-91 Terminated for adding maintenance plan and touchtone to order without discussing with customer or quoting charges. Also for hanging up on customer and putting customer on hold unnecessarily.

ATTACHED:

Form 3181-B Current Entry
Form 3G3R Request For Formal Grievance Meeting
No Security Investigation

RLT-6, 19:17
COPY

NORTH FLORIDA
SPECIAL STUDY
SALES RELATED DISCIPLINE

1. /
Service Rep
Pensacola, FL

5-1-89 Warning entry for "Quick Sale" technique on a customer contact
(not fully outlining sales billing to customer).

1-12-90 Entry removed in settlement of grievance.

ATTACHED: Form 3117 Service Record
Form 3G3A Record of Greivance
No Security Investigation

2. /
Service Rep
Jacksonville, FL

10-30-90 Terminated for continued gross mishandling and abuse of customers
including failure to itemize rates for services he added on
customer's lines.

ATTACHED: Form 3117 Service Record
Form 3181-B Current Entry
Form 3G3A Record of Grievance
No Security Investigation
3. /
Service Rep
Jacksonville, FL

3-1-90 Counseled for issuing a service order with Custom Calling features
different than the customer requested.

ATTACHED: Form 3117 Service Record
Form 3181-B Current Entry
No Grievance filed
No Security Investigation
4. /
Service Rep
Jacksonville, FL

8-8-91 Suspension for Gross Customer Abuse due to disconnecting customers
and "Quick Close" on a service order (not fully outlining sales billing
to customer).

ATTACHED: Form 3117 Service Record
Form 3181-B Current Entry
No Grievance filed as of 9-6-91
No Security Investigation

5.
Service Rep
Cocoa, FL

- 9-12-89 Suspension for falsely reporting sales items on service orders.
- 4-16-90 Suspension removed. Special discussion entry placed in record in settlement of grievance.

ATTACHED: Form 3117 Service Record
Form 3181-B Current Entry
Form 3G3A Record of Grievance
No Security Investigation

6.
Service Rep
Cocoa, FL

- ~~9-26-89 Suspended for falsely reporting sales items on service orders.~~
- 4-16-90 Suspension removed. Special discussion entry placed in record in settlement of grievance.

ATTACHED: Form 3117 Service Record
Form 3181-B Current Entry
Form 3G3A Record of Grievance
No Security Investigation

7.
Service Rep
Cocoa, FL

- 9-7-89 Suspended for falsely reporting sales items on service orders.

ATTACHED: Form 3117 Service Record
Form 3181-B Current Entries
Form 3G3A Record of Grievance
Security Investigation

EXHIBIT NUMBER ____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP-7A

GENERAL MANAGER SALES REPORTS

EXHIBIT NUMBER _____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP-7B

MILLION DOLLAR CHALLENGE WINNERS

EXHIBIT NUMBER _____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP-7C

WEEKLY SALES REPORTS

EXHIBIT NUMBER ____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP-7D

GENERAL MANAGER MEMOS

EXHIBIT NUMBER _____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP-8A

AUGUST REPORT--NFL SALES

EXHIBIT NUMBER ____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP-8B

NOVEMBER REPORT--NFL SALES

EXHIBIT NUMBER _____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP-9

LIST OF SALES PROGRAMS

EXHIBIT NUMBER ____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP-10A

YOUR MARKETING IMAGINATION--1987

EXHIBIT NUMBER _____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP-10B

IN PURSUIT OF PROFITS--1988

EXHIBIT NUMBER ____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP-10C

ULTIMATE CHALLENGE--1989

EXHIBIT NUMBER _____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP-10D

GOLDLINE--1990/1991

EXHIBIT NUMBER ____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP-11

INDIVIDUAL AWARD TOTALS--MARSHA TAYLOR

From CAPRI
Award Orders

	DATE	AMT	EXP #
-	11-21-88	\$1296.30	8839
✓	12-13-88	1834.20	8839
✓	12-23-88	15.00	8830
✓	2-16-89	✓ 270.00	8829
		<u>\$4016.10</u>	
✓	2-9-89	2359.40	9006
✓	10-20-89	1800.30	9006
-	12-21-89	2255.30	9006
✓	2-2-90	4038.20	9006
		<u>\$10,451.20</u>	

(tried to match award order -
reconciliation the list and
to extra time
(APR)
- matched most
employees who
issued...

Award J's
\$10,000



EXHIBIT NUMBER _____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP-12

INTERNAL AUDIT--1988

EXHIBIT NUMBER ____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP-13

INTERNAL AUDIT--NORTH CAROLINA & GEORGIA

EXHIBIT NUMBER _____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP-14

RECONCILIATION SAMPLE

EXHIBIT NUMBER _____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP-15

EDITS FOR INSIDE WIRE CODES

EXHIBIT NUMBER _____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP-16

ANALYSIS OF SALES PLANS

EXHIBIT NUMBER ____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP-17

CANCEL GOLDLINE

FLORIDA GOLDLINE'S GOOD NEWS



FLORIDA GOLDLINE...YOUR EMPLOYEE SALES REFERRAL PROGRAM FOR THE STATE OF FLORIDA

ISSUE 6 VOLUME 2

AUGUST 1991

A LETTER FROM MR. LACHER

I have asked that our non-contact employee sales referral program, Florida GoldLine, be closed immediately and that there be no non-contact employee sales referral program in the state of Florida for the foreseeable future. Provisions have been made to allow employees to redeem their Florida GoldLine account balances until September 30, 1991.

Closing the Florida GoldLine Program was not an easy decision, but it appears to be the wisest business decision for us all. I would like each of you who have participated in this fine program to understand, however, that I appreciate the contribution that you made in support of Florida's revenue goals.

In today's highly competitive times, I hope that you will continue to be aware of the important role that each of us plays in revenue generation for the state of Florida. While we will not have a sales referral program to which you may channel sales leads, I hope that you will remain alert to opportunities for our Company and direct customers to our Customer Services or Marketing Department.

Once again, I thank you for your enthusiastic participation in this program.

F04B02Z 011091

F04A08Z 011091

EXHIBIT NUMBER _____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP-18A

NEW POLICIES--1991

EXHIBIT NUMBER _____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP-18B

NEW POLICIES--1992

EXHIBIT NUMBER ____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP-19

OLD SERVICE OBSERVING PRACTICE

KEP-19, '81

ASSISTANT MANAGER JOB DESIGN

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Printed in U. S. A.

FO4B02Z 007101

FO4A08Z 007101

KEK-14, Pg. 2-

2. SERVICE EVALUATION/SALES PERFORMANCE QUALITY

The primary objective of the Service/Sales Performance Evaluation observation session is to develop the Service Representative (SR) to provide quality service based on company standards and following company training guidelines.

The purpose of this training is to provide you with detailed procedures and defined company standards. This will enable you to measure the SR's customer contact performance and develop the SR to consistently provide service that leads to customer satisfaction. The Service/Sales Performance form was developed to enable you to document and evaluate Call Quality (CQ) and Sales Performance Quality (SPQ). An example of the Service/Sales Performance form is shown on Exhibits 1 and 2.

All contacts will be evaluated on eight service aspects of customer satisfaction. They are: Manner and Professionalism, Pertinent Information, Complete Information, Accurate Information, Understandable Explanation, Effective Approach, Correct Clerical Action and Recap. The data gathered in these areas will be utilized as the evaluative measurement of SR performance with regard to customer service.

Sales Performance Quality (SPQ) will be evaluated on all appropriate contacts. The Sales Performance evaluative area incorporates the steps of the Customer Centered Sales and Service Process (CCSS). They are: Discovering, Proposing, Assuring (A) and Assuring (B).

A minimum of 18 evaluative observations should be obtained on each SR quarterly. It is recommended that approximately 6 observations be conducted each month. No more than 50% of the SR's evaluative observations can be conducted from a remote location. In order for the contact to be used as evaluative data it must be discussed with the employee no later than 24 hours after the observation has taken place, unless prevented by employee initiated absence. All calls, with the exception of intracompany calls, should be evaluated.

Feedback discussions should be conducted on SR closed key time. Prior to the feedback, the contacts evaluated should be reviewed, the findings summarized, and the feedback discussion planned. (See Summary, Feedback and Development Plans.)

When reviewing each individual contact it is important that:

- Each contact be evaluated individually, considering established company standards
- Each SR be evaluated against established standards rather than a perception of SR's abilities, i.e., allowances should not be made because a SR is "having a bad day".

The Manager is the key to establishing and maintaining the high standards needed to ensure that the best customer service is provided. By conducting joint and individual standard-setting sessions with all Assistant Managers (AMs) periodically, the Manager can be assured that each AM is evaluating SRs against the same performance criteria.

Each section of the Service/Sales Performance form is discussed in this training. Criteria to be used to evaluate each service aspect and sales performance aspect and examples of how these should be rated are also included in this procedure. However, these criteria are meant to be recommended guidelines and may not include all situations that could occur during a customer contact. See Service and Sales Performance Standards, Exhibit 3. These are minimum standards and may be expanded to meet your individual area (Southern Bell)/center (South Central Bell) needs.

FO4B02Z 007102

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Page 1

FO4A08Z 007102

Section 735-800-001SV

Completing the Service/Sales Performance Form

The Service/Sales Performance form is designed to enable you to record and evaluate SR performance on all calls, inbound and outbound. You will evaluate contacts at the SR position and from a remote monitoring location, reviewing the work completed by the SR during the observation session.

The form is two-sided, the front for evaluating the Call Quality (service aspects) of each observed contact, and the reverse to evaluate the Sales Performance Quality.

The form is designed to record 15 service observations and 6 sales observations. This form also serves as the monthly trend sheet. A detailed explanation of each area of the form follows.

Enter the SR's name, the AM's name, and the month as shown in the example below:

Service/Sales Performance

Service Representative	S. DANIELS											Assistant Manager	B. GOOD				Month	JANUARY	
General Information																			
Contact Number	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Notes			
Type																			
Date/Day																			
Time																			

Next complete the General Information section, which includes Type, Date/Day, Time entries. An explanation of these are shown below:

Type: Enter R for a remote session
 Enter P for a position sit-in
 Enter type of contact, i.e., T&F, Blg, N, Mis, etc.

Service/Sales Performance

Service Representative												Assistant Manager					Month		
General Information																			
Contact Number	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Notes			
Type	R				P														
	T&F	BLG	MIS	N	BLG	N	T&F												
Date/Day																			
Time																			

FO4B02Z 007103

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FO4A08Z 007103

Date/Day: Enter the date and day on which the session is conducted.

Service/Sales Performance

Service Representative	Assistant Manager														Month	
General Information																
Contact Number	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Notes
Type																
Date/Day	5 F	-----			9 Tu	-----										
Time																

Time: Enter the time at the beginning of the session.

Service/Sales Performance

Service Representative	Assistant Manager														Month	
General Information																
Contact Number	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Notes
Type																
Date/Day																
Time	8:30	-----			10:00											

Note: For ease in completing this section, a line may be drawn across the columns indicating the general information entered is applicable to the number of observed contacts for that session. The line for "Type" entries is the exception, i.e., T&F, Blg.

The next area of the Service/Sales form is the "Service Aspects" section. This section lists key aspects of customer contact performance that should be demonstrated during every customer contact. The results of this section determine "Call Quality".

There are eight areas that will be evaluated for "Call Quality". They are: Manner and Professionalism, Pertinent Information, Complete Information, Accurate Information, Understandable Explanation, Effective Approach, Correct Clerical Action and Recap. Each area has a key standard listed on the form. A detailed explanation of the Standards, Exhibit 3, should be shared with each employee.

FO4BO2Z 007104

FO4AO8Z 007104

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In the following example, a customer called to request an extension of a past due bill. The SR identified herself/himself and without interrupting the customer, allowed him/her to explain the reason for the late payment. The SR expressed a willingness to handle the request. When the SR recognized the need to leave the line to obtain records, this was explained to the customer and the SR waited for the customer's agreement before suspending the contact.

Upon returning to the line, the SR gained the customer's attention by using his/her name and thanked the customer for waiting, before continuing the discussion.

In this situation the block beside "Manner and Professionalism" will be left blank indicating the representative performed all aspects of this area correctly. If the SR performs exceptionally well in this or any other area, the AM can use an asterisk (*) and a note should be made in the "Notes" section as shown below.

Service Representative <i>S. Daniels</i>		Assistant		
General Information				
Contact Number	1	2	3	
Type	R SLG			
Date/Day	20 F			
Time	9:00			
Service Aspects				
Manner And Professionalism	*			
Displayed professional attitude, listened, and responded appropriately in a friendly, helpful manner throughout the entire contact.				

Notes ① related well - shows empathy for customer problem - excellent manner

Note: Instead of using blanks or check marks, an office may elect to use Y or N. The key is consistency within the office. For the purpose of this package a check is used to indicate a deviation in the service aspects.

FO4BO2Z 007106

FO4AO8Z 007106

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In the second example, a customer requested an extension for payment. The SR's response was, "What's your telephone number?" In this case, the SR's response to the opening statement did not convey interest or willingness to handle the customer's request. A check (✓) should be placed in the block beside "Manner and Professionalism". In addition, a note should be made in the "Notes" section indicating why a "no" was given. See the example below:

Service/Sales Performance

Service Representative		S. DANIELS										Assistant Manager		B. GOOD			Month		JANUARY		
General Information																					
Contact Number	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Notes					
Type	R BLG	R BLG																			
Date/Day	20 F	---																			
Time	9:00	---																			
Service Aspects																					
Manner And Professionalism																② inappropriate response to opening statement					
Displayed professional attitude, listened, and responded appropriately in a friendly, helpful manner throughout the entire contact.																"What's your number?"					

Note: The "Notes" section of the form can be used to record memory jogger information about the contact, as well as any positive and negative aspects of the contact that need to be covered with the SR. Remember that the positive feedback is the steering tool to good performance. More about feedback will be discussed later in the training.

This form was not designed to document the entire conversation that took place between the SR and the customer. The majority of the time should be spent listening and analyzing the contact as opposed to taking notes. If it is necessary to take extensive notes, a lined tablet is suggested.

The second area to be evaluated under the Service Aspects is "Pertinent Information". It should be determined if the SR obtained sufficient facts to handle the customer's request or problem. In some cases, the customer may volunteer pertinent facts; if not, the SR should ask questions to secure enough information to handle the customer's request or problem. In either instance, a yes would be appropriate. This is indicated in the example below by leaving the corresponding block blank next to "Pertinent Information".

FO4BO2Z 007107

FO4A08Z 007107

Service Representative S. Daniels		Assistant		
General Information				
Contact Number	1	2	3	
Type	R BLG	R BLG		
Date/Day	20 F			
Time	9:00			
Service Aspects				
Manner And Professionalism		✓		
Displayed professional attitude, listened, and responded appropriately in a friendly, helpful manner throughout the entire contact.				
Pertinent Information				
Identified customer's reason for calling and asked appropriate questions to handle customer's request.				

Refer to the Service and Sales Performance Standards Exhibit 3, page 2 for the recommended standards for this area.

In the following example, where a customer called to arrange for new service which required a visit, the SR should have obtained access arrangements. In addition to placing a check (✓) in the block for "no", enter an explanation in the "Notes" section.

Service/Sales Performance

Service Representative S. DANIELS		Assistant Manager B. GOOD										Month JANUARY				
General Information																
Contact Number	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Notes
Type	R BLG	R BLG	R N													
Date/Day	20 F															
Time	9:00															
Service Aspects																
Manner And Professionalism																③ Should have determined access arrangements.
Displayed professional attitude, listened, and responded appropriately in a friendly, helpful manner throughout the entire contact.																
Pertinent Information			✓													
Identified customer's reason for calling and asked appropriate questions to handle customer's request																

"Complete Information" is the third service aspect to be reviewed. The recommended standards for this area may be found in Exhibit 3, pages 2 and 3.

FO4B02Z 007108

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Section 735-800-001SV

Determine if the SR provided all information, answered all the customer's questions and made complete arrangements when handling the customer's request. (When the customer's request cannot be granted the SR should explain why.)

For example, a customer called requesting information on Custom Calling Services. The SR explained all of the features and gave examples of how the services would operate. The SR provided rates and all information required to handle the customer's request. In this instance the block would be left blank as shown below:

Complete Information							
Provided all necessary information, gave options as appropriate, and answered all questions completely.							

In another example, a customer called to subscribe to Call Waiting. The SR should have advised the customer the date the service would be working. A check (✓) should be placed in the block and an explanation given in the "Notes" section. See below:

Complete Information				✓			
Provided all necessary information, gave options as appropriate, and answered all questions completely.							

Notes
(4) Shld Have Advised Due Date

The fourth aspect to be evaluated is "Accurate Information". In this area, determine if the information provided by the SR was correct or incorrect and was consistent with the customer's needs. See Exhibit 3, page 3 for the recommended standards.

For example, the customer requested the monthly rate for Touch-Tone service. The SR quoted an incorrect rate. A check (✓) should be placed in the block (as shown below) to indicate "no" and a reason should be entered in the "Notes" section.

Service/Sales Performance

RF-2540
(9-88)

Service Representative	S. DANIELS		Assistant Manager	B. GOOD		Month	JANUARY									
General Information																
Contact Number	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Notes
Type	R Big	Big	T&F	C	N	PO	Mix	EXC	D							
Date/Day	20 F															
Time	9:00															
Service Aspects																
Manner And Professionalism	<input checked="" type="checkbox"/>											② inappropriate response to opening statement "What's your number?"				
Displayed professional attitude, listened, and responded appropriately in a friendly, helpful manner throughout the entire contact.												④ Should Have Advsd Due Date				
Pertinent Information	<input checked="" type="checkbox"/>											⑥ Used Co. Jargon "Facilities"				
Identified customer's reason for calling and asked appropriate questions to handle customer's request.												⑧ related well-shows empathy for customer problem-excellent manner				
Complete Information	<input checked="" type="checkbox"/>															
Provided all necessary information, gave options as appropriate, and answered all questions completely.																
Accurate Information	<input checked="" type="checkbox"/>															
Provided accurate information throughout the contact.																
Understandable Explanation	<input checked="" type="checkbox"/>															
Used clear, concise understandable explanation, avoided company jargon, and varied approach when appropriate.																
Effective Approach	<input checked="" type="checkbox"/>															
Conducted contact appropriately, accepted full responsibility for all company actions, offered alternate solutions and educated the customer when appropriate.																
Correct Clerical Action	<input checked="" type="checkbox"/>															
Handled all clerical work accurately and completely.																
Recap	<input checked="" type="checkbox"/>															
Key: Use * For Exceptional Performance, Use ✓ For No												Call Quality ▶	Total # Y's CQ	# Opportunities 72	% CQ 56.3	
Sales (✓ If Sales Applies)	<input checked="" type="checkbox"/>															

The % CQ "Call Quality" will be recorded on the Performance Summary.

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SALES PERFORMANCE QUALITY

In order for the AM to evaluate how well the SR performed in the sales portion of the contact it is necessary to determine the Sales Performance Quality (SPQ).

When a customer contact affords a sales opportunity, the SR must be able to propose a sales recommendation that meets the customer's needs and generates revenue. If this does not happen, SR development is needed.

The observation session provides the AM a chance to evaluate the sales quality at the same time the service aspects of the contact are reviewed.

Well planned development activities should improve the SR's sales performance, thereby producing more revenue and increasing overall customer satisfaction.

When a sales evaluation applies, a check (✓) will be placed in the sales column (on the service evaluation side) and the corresponding contact number will be written in across the top in the space allowed (on the sales side) as shown below:

Recap							
Key: Use * For Exceptional Performance. Use ✓ For No							
Sales (✓ If Sales Applies)	✓						

		Sales											
		1											
		Y	YD	N	NA	Y	YD	N	NA	Y	YD	N	NA
Recognized Opportunity ▶													
Discovering													
Permission To Question													
Used Listening Skills													

The four major areas of Customer Centered Sales and Service (CCSS) have been divided into smaller sub-categories for the purpose of evaluating the contact. This broadens the base and provides more opportunities for the SR. It also allows the AM and the SR to pinpoint areas that need development without penalizing the SR.

There are now 24 aspects in the Sales Performance Quality (SPQ). Each aspect has four (4) options: "Y" for yes, "YD" for yes needs development, "N" for no and "NA" for not applicable.

Following are explanations of the four options:

- A. "Y" - The SR accurately performed all appropriate actions.
- B. "YD" - The SR performed the most important actions correctly, or performed all actions but could have performed better, and the customer was not greatly affected.

For example: The SR summarized but omitted some details provided by the customer or the SR made a good proposal but should have picked up on one clue from the customer. The SR needs to be given examples for "next time".

If improvement is not noted following development activity, an "N" would be appropriate.

Examples of this might be:

- 1. A weak area has been developed, the SR demonstrates the correct way and then reverts back to the incorrect method.
 - 2. The SR and AM have agreed that all possible development has been completed and the SR understands, but still does not perform correctly.
- C. "N" - The SR did not perform some customer affecting actions either correctly or completely, or the SR did not perform satisfactorily in an area that has been under development. (see #B above).
- D. "NA" - This action was not appropriate on this contact.

NOTE: AMs must have documented development plans for any area in which a SR receives a "YD" or "N". This plan should include a course of action agreed upon by the SR and the AM and the date they plan to take this action. (See Summary, Feedback and Development tab.)

The five major aspects of the sales evaluation are Recognized Opportunity, Discovering, Proposing, Assuring (A), and Assuring (B). Each of these areas is broken down into the smaller aspects which are covered in the Service and Sales Performance Standards. See Exhibit 3 pages 4 and 5.

The first item, "Recognized Opportunity", will be evaluated based on the AM's judgment of whether the SR recognized a sales opportunity and made an appropriate sales attempt. The quality of the attempt is not evaluated at this point. Area (Southern Bell)/Center (South Central Bell) standards will determine which contacts are appropriate. A sales attempt prior to the resolution of the customer's request or problem could result in customer irritation. A careful balance must be maintained to ensure that every opportunity for a sales contact is taken, but not at the expense of customer satisfaction.

If a sales opportunity exists and the SR proceeds with a sales attempt, a check (✓) will be placed in the block "Y" for yes, and each sales area will be evaluated for SPQ. If a sales attempt is not made a (✓) will be placed in the block "N" for no and the remaining sales areas will be "NA" for not applicable.

For example, a customer called inquiring about a denial notice received in the mail. The customer insisted a payment had been made last week in the Customer Payment Center. After checking the customer record, the SR advised the customer the payment had been noted, but the problem was the balance remaining on the account that should be paid or the service would be interrupted. The customer was clearly dissatisfied; therefore you would not consider this to be a sales opportunity. (The term "opportunity" is defined in the Service and Sales Performance Standards.)

There may be situations where the AM and the SR disagree on when an "opportunity" exists. When this occurs it should be handled in the two way discussion during the feedback session with a determination of how a similar contact should be handled.

The same customer called about his current statement. The SR explained the billing for the calls in question. Realizing the customer was satisfied with the SR's explanation and handling of the

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contact and that a sales opportunity existed, the AM would evaluate all appropriate areas of the CCSS process. This will be explained in more detail later.

The following is an example of "Recognized Opportunity": a customer called to add an additional listing to the account. The customer indicated a new partner would be joining the firm and thought an additional listing would be necessary. The SR handled the customer's request and then bridged to an appropriate sales attempt. Check (✓) "Y" for Yes in the block following "Recognized Opportunity". See the example below:

Sales

	Contact # ▶											
	Y	YD	N	NA	Y	YD	N	NA	Y	YD	N	NA
Recognized Opportunity ▶	✓											
Discovering												
Permission To Question												
Used Listening Skills												
Clarifying Questions												

In another example, a customer called to have a local phone directory sent to the business address. The SR viewed the customer's record and advised him that local directories could be ordered over the telephone and handled the request to the customer's satisfaction. Although it was a perfect "opportunity" to bridge, no attempt was made.

The SR received a "no" in "Recognized Opportunity," and the other CCSS areas were considered "NA".

There may be instances when an AM feels that a sales attempt is not appropriate, yet the SR proceeds. In this instance, the AM will evaluate each aspect of the sales process, but during feedback should explain to the SR the reasons the attempt was not appropriate.

The sales technique "Discovering" will evaluate the SR's ability to mutually identify the customer's needs and values through proper questioning and listening techniques. Obtaining clues through conversational skills is always preferable to questioning the customer.

There are six (6) aspects to be evaluated under "Discovering". These categories are: Permission To Question, Used Listening Skills, Clarifying Questions, Thoughts/Feelings Questions, Additional Information (Users, Usage, etc.) and Summarized Needs and Values.

Sales

Contact # ▶												
	Y	YD	N	NA	Y	YD	N	NA	Y	YD	N	NA
Recognized Opportunity ▶												
Discovering												
Permission To Question												
Used Listening Skills												
Clarifying Questions												
Thoughts/Feelings Questions												
Additional Information (Users, Usages, etc.)												
Summarized Needs And Values												

Each aspect should be evaluated separately as indicated below:

- Permission To Question – Did the SR obtain the customer's permission to ask additional questions, if applicable?
- Used Listening Skills – Did the SR recognize and utilize clues provided by customer?
- Clarifying Questions – Did the SR ask proper clarifying questions? e.g., "Do you mean ...?" "Did I understand correctly ...?" "Could you give me an example ...?" etc.
- Thoughts/Feeling Questions – Did the SR ask questions to provoke thoughts/feelings (getting the customer to visualize a particular situation)? These should be open questions.
- Additional Information – Did the SR question the customer to obtain sufficient information to visualize the customer's needs and values?
- Summarized Needs and Values – Did the SR summarize his/her perception of the customer's needs and values?

The next sales technique, "Proposing", enables the AM to evaluate the SR's ability to make a recommendation that relates to the customer's specific needs and values. The conversational approach will be less threatening to the customer. The SR should be encouraged to be sincere and comfortable in making an enthusiastic proposal and should pick up on clues throughout the contact as to what type of services to offer.

It's important that the SR sound confident and enthusiastic when the proposal is made.

There are seven (7) aspects to be evaluated under "Proposing". These categories are: Needs-Based Proposal, Value-Based Proposal, Visualize Usage (Personalized Benefits), Customer's Opinion Obtained, Recognized Buying Signal, Ask For Sale and Close.

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Proposing																				
Needs-Based Proposal																				
Value-Based Options																				
Visualize Usage (Personalized Benefits)																				
Customer's Opinion Obtained																				
Recognizing Buying Signal																				
Ask For Sale																				
Close																				

- Needs-Based Proposal - Did the SR recommend services and options based on the customer's needs?
- Value-Based Options - Did the SR present options tailoring values to needs?
- Visualize Usage - Did the SR help the customer visualize the end result?
- Customer's Opinion Obtained - Did the SR allow the customer to see himself as the decision maker?
- Recognize Buying Signal - Did the SR recognize the customer's buying signals and stop the proposal?
- Ask for Sale - Did the SR ask for the sale and gain customer's concurrence?
- Close - Did the SR close the proposal at the appropriate time?

The next step "Assuring (A)" enables the AM to evaluate the SR's ability to deal with customer objections utilizing the ABCs of Assuring.

There are seven (7) aspects to be evaluated in "Assuring A": Respond To Objection, Ask Open Questions, Be Empathetic, Clarify True Objection, Determine New Option, Recognized Difference Between The Hesitant/No Customer and Expect and Ask For Sale.

Assuring (A)																				
Respond To Objection																				
Ask Open Questions																				
Be Empathetic																				
Clarify True Objection																				
Determine New Option																				
Recognized Difference Between The Hesitant/No Customer																				
Expect And Ask For Sale																				

- Respond To Objection - Did the SR acknowledge the customer's objection?
- Ask Open Questions, i.e., "What was it that you liked about Call Waiting?"

- Be Empathetic. i.e.. "I know exactly what you mean."
- Clarify True Objection. i.e.. "So you really don't want to be interrupted when you're on a long distance call?" Closed questions may be appropriate.
- Determine New Option - Decide if another approach (based on values and needs) to the same service is appropriate. i.e.. "If you'd be able to prevent Call Waiting from working before you placed your long distance call, would that help you?" Or, it may be appropriate to present another service.
- Recognize Difference Between The Hesitant/No Customer - There is a difference between the hesitant or unsure customer and the customer who emphatically says no. Did the SR recognize this difference and proceed accordingly?
- Expect and Ask For Sale - Did the SR ask for the sale using the CCSS techniques?

The last step in the CCSS process "Assuring (B)" enables the AM to evaluate whether the SR instills positive feelings in the customer about himself, his decision, our company and our services.

The three aspects of "Assuring (B)" to be evaluated are: Thank Customer For Sale/Time, Full Negotiation/Gained Customer Concurrence and Reinforced Customer's Decision.

Assuring (B)										
Thank Customer For Sale/Time										
Full Negotiation/Gained Customer Concurrence										
Reinforced Customer's Decision										

- Thank Customer For Sale/Time - Did the SR thank the customer for the sale or accept "no" graciously and thank the customer for his time?
- Full Negotiation/Gained Customer Concurrence - Were the services fully explained and customer concurrence gained?
- Reinforced Customer's Decision - Did the SR leave the customer feeling that his time was well spent and he was treated as a valuable customer?

Assuring leaves the customer with a positive impression regardless of whether the customer buys or not.

We should always position ourselves to "sell again," meaning if the customer's contact with us has been a pleasant one he will be more receptive to our recommendations in the future.

Note: Additional information pertaining to all sales techniques identified in this section may be found in the Customer Centered Sales and Service Training.

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Section 735-800-0015V

Computing the Sales Performance Quality (%SPQ)

To compute the evaluative measurement for (SPQ) use the exhibit below:

Sales

Contact # ▶	3				5				5				7							
	Y	VD	N	NA																
Recognized Opportunity ▶	✓				✓				✓				✓							
Discovering																				
Permission To Question	✓				✓								✓	✓						
Used Listening Skills		✓				✓							✓	✓						
Clarifying Questions		✓				✓							✓	✓						
Thoughts/Feelings Questions	✓				✓								✓	✓						
Additional Information (Users, Usages, etc.)			✓				✓						✓	✓						
Summarized Needs And Values	✓				✓								✓	✓						
Proposing																				
Needs-Based Proposal	✓				✓								✓	✓						
Value-Based Options	✓				✓								✓	✓						
Visualize Usage (Personalized Benefits)	✓												✓	✓						
Customer's Opinion Obtained	✓				✓								✓	✓						
Recognizing Buying Signal	✓				✓								✓	✓						
Ask For Sale	✓				✓								✓	✓						
Close	✓				✓								✓	✓						
Assuring (A)																				
Respond To Objection			✓	✓			✓	✓			✓	✓			✓	✓			✓	✓
Ask Open Questions			✓	✓			✓	✓			✓	✓			✓	✓			✓	✓
Be Empathetic			✓	✓			✓	✓			✓	✓			✓	✓			✓	✓
Clarify True Objection			✓	✓			✓	✓			✓	✓			✓	✓			✓	✓
Determine New Option			✓	✓			✓	✓			✓	✓			✓	✓			✓	✓
Recognized Difference Between The Hesitant/No Customer			✓	✓			✓	✓			✓	✓			✓	✓			✓	✓
Expect And Ask For Sale			✓	✓			✓	✓			✓	✓			✓	✓			✓	✓
Assuring (B)																				
Thank Customer For Sale/Time	✓				✓								✓	✓						
Full Negotiation/Gained Customer Concurrence	✓				✓								✓	✓						
Reinforced Customer's Decision	✓				✓								✓	✓						

Total # Tr's & V's	# Opportunities	% SPQ
54	59	91.5

Summary, Feedback and Development Plans

Feedback is a simple concept. It is information on past performance that the employee can use to change performance.

The feedback provided to the employee should be:

- Specific
- Related to a performance the employee controls
- Positive
- Immediate
- Individualized
- Easily understood
- Presented in a manner that encourages two-way communication between the supervisor and the employee

The combination of feedback and positive reinforcement is the most effective approach a manager can use to improve performance.

Prior to conducting the feedback session, the data gathered in the "Notes" section of the review form should be summarized and documented in the "Summary" section of the Performance Summary/Feedback form. (Exhibit 4.) This form is two sided allowing space for additional notes. In addition, this form is to be used for summary and feedback documentation for all areas of the job.

In summarizing it is not necessary to state every detail that was identified in the notes section. Referring back to the notes on the review form would be sufficient. See example below:

PERFORMANCE SUMMARY/FEEDBACK FORM

EMPLOYEE NAME SANDY		AM INITIALS SJ	
SUMMARY	FEEDBACK	DEVELOPMENT PLAN	FU DATE
10/19 Excellent bridging to sales contact. Needs work in closing sale - See details on Notes #3.			

Probably the single most likely cause for the ineffectiveness of feedback is that it comes too late. Employees need to know as soon as possible after their performance how well they did. Ideally, feedback, like reinforcement, should come immediately after each performance. In order for the contact to be used for evaluative data it must be discussed with the employee no later than 24 hours after the observation has taken place, unless prevented by employee initiated absence.

After the feedback is discussed with the employee, the date of discussion, results and development plans should be noted in the "Feedback" and "Development Plan" sections. See example on the following page.

PERFORMANCE SUMMARY/FEEDBACK FORM

EMPLOYEE NAME SANDY		AM INITIALS SJ	
SUMMARY	FEEDBACK	DEVELOPMENT PLAN	FU DATE
10/19 Excellent bridging to sales contact. Needs work in closing sale - See details on Notes #3.	10/19 Sandy realized talked cust out of sale. If had gained agreement and moved on could have wrapped up sale. Agrd needs help in closing.	10/19 Agrd to practice closing with Sandy using actual contacts of Sandy's customer's. Set up on Fri 9 A.M in conf room	10-23

The purpose of the development plan is to implement an action plan designed to strengthen weak performance and enhance strong performance.

Each employee is fully responsible for his/her own development.

The supervisor acts as a coach, allowing the time and tools needed to aid in the development. That is why it is important to involve the employee in identifying what action needs to take place to result in improvement. This can be accomplished by asking the employee. "What can I do to help you reach your goal?"

The employee may have an idea that will work for him/her. If it doesn't, the supervisor and employee look at the results gained and agree on another plan.

Some employees may not have any suggestions. In this case, the supervisor will plan a course of action to accomplish the goal and attempt to gain agreement from the employee.

In both situations, the employee's comment should be noted in the feedback section.

PERFORMANCE SUMMARY/FEEDBACK FORM

EMPLOYEE NAME SANDY		AM INITIALS	
SUMMARY	FEEDBACK	DEVELOPMENT PLAN	FU DATE
10/19 Excellent bridging to sales contact. Needs work in closing sale - See details on Notes #3.	10/19 Sandy realized talked cust out of sale. If had gained agreement and moved on, could have wrapped up sale. Agrd needs help in closing.	10/19 Agrd to practice closing using actual contacts Set up on Fri 9 A.M in conf room	10-23

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Training as a solution to performance problems is a common managerial response. If there is no evidence of formal training, it may be necessary to plan that as the first step toward improvement. In so many cases the employee has been trained and retrained.

The supervisor needs to explore all areas:

- Lack of knowledge
- Misunderstanding of procedure
- Not enough experience
- Not able to find reference material
- Lack of willingness on employee's part

Once the cause has been identified, the development should be easier to define.

Some examples of development for skill building or enhancement other than training are:

- Special assignments
- Coaching
- Reading
- Self-study
- Work experiences
- Role play

A follow up date should be noted to serve as a target date and also help the supervisor in scheduling his/her development time.

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After the feedback session, record any comments the employee made regarding the individual contacts and monthly results as shown below:

PERFORMANCE SUMMARY/FEEDBACK FORM

EXHIBIT 4

EMPLOYEE NAME SANDY		AM INITIALS	
SUMMARY	FEEDBACK	DEVELOPMENT PLAN	FU DATE
10/19 Excellent bridging to sales contact. Needs work in closing sale - See details on Notes #3.	10/19 Sandy realized talked cust out of sale. If had gained agreement and moved on, could have wrapped up sale. Agrd needs help in closing.	10/19 Agrd to practice closing using actual contacts Set up on Fri 9 A.M in conf room	
	When asked how I could help her improve - Sandy suggested needed to practice on closing.		10/23
10/23 Role played 3 sales contacts to practice closing.	10/23 Sandy feels more relaxed - confident. Feels ready to approach next sales contact. Sandy asked if I'd sit-in on a couple.	10/23 Agrd to sit in to review closing on 10/28	
			10/28
10/28 Reviewed 2 sales contacts - Sandy's closing improved and sales were gained	10/28 Sandy feels much more confident abt closing.		
10/31 % CQ SAT for Oct. % SPQ below obj - but improving.	10/31 commended Sandy on improvement. Sandy is pleased with improvement and says more will be seen next mo.		

If additional space is needed to record the feedback an additional form may be used.

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Service/Sales Performance

RF-2540
(6-88)

Service Representative	Assistant Manager	Month														
General Information																
Contact Number	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Notes
Type																
Date/Day																
Time																
Service Aspects																
Manner And Professionalism																
Displayed professional attitude, listened, and responded appropriately in a friendly, helpful manner throughout the entire contact.																
Pertinent Information																
Identified customer's reason for calling and asked appropriate questions to handle customer's request.																
Complete Information																
Provided all necessary information, gave options as appropriate, and answered all questions completely.																
Accurate Information																
Provided accurate information throughout the contact.																
Understandable Explanation																
Used clear, concise understandable explanation, avoided company jargon, and varied approach when appropriate.																
Effective Approach																
Conducted contact appropriately, accepted full responsibility for all company actions, offered alternate solutions and educated the customer when appropriate.																
Correct Clerical Action																
Handled all clerical work accurately and completely.																
Recap																
Key Use * For Exceptional Performance, Use ✓ For No																
Sales (✓ If Sales Applies)																
Call Quality >													Total # Y's	# Opportunities	% CO	

EXHIBIT 1

ISS A. Section 735-800-0015V

REF-19, 14, 28

EXHIBIT 1 - SERVICE/SALES PERFORMANCE FORM RF-2540

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SERVICE AND SALES PERFORMANCE STANDARDS

• MANNER & PROFESSIONALISM:

● OPENING CONTACT:

- answers immediately
- speaks distinctly
- announces SCB/SB and appropriate center name
- clearly states name (first name only not recommended)

● RESPONDS:

- appropriately to opening statement or question
- assures customer she/he can help. mirroring as appropriate
- avoids using pat or rigid statements
- expresses regret as appropriate

● LISTENS:

- actively, letting the customer know he/she "hears"
- without overtalking the customer
- patiently
- without interrupting

● LEAVING LINE:

- explains reasons
- requests permission
- obtains customer's agreement
- if taking lengthy time off line returns frequently to explain
- gives customer option of call back when appropriate

● RETURNING TO LINE:

- gets customer's attention through use of their name. Sir, Ma'am
- makes sure she/he has customer's attention before proceeding
- thanks customer for waiting

● THROUGHOUT CONTACT:

- shows interest and willingness
- uses friendly tone of voice
- maintains consistent pace and clear enunciation
- shows integrity
- establishes and builds trust
- evaluates customer's statements/questions before responding
- establishes rapport and maintains it
- demonstrates empathy
- answers customer's questions without hesitation when asked
- waits for customer to disconnect, then immediately releases the line

- EACH CONTACT IS UNIQUE — NOT ALL STANDARDS CAN BE LISTED. ADDITIONAL STANDARDS, I.E., HANDBOOK AND TRAINING CRITERIA MAY APPLY.

EXHIBIT 3 - SERVICE AND SALES PERFORMANCE STANDARDS

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* OBTAINS PERTINENT INFORMATION

- Obtains appropriate facts before leaving the line:
 - With whom he/she is speaking
 - Establishes reason for customer's call
 - Asks questions relating to customer's needs as appropriate
 - Clarifies understanding with open-ended questions
 - Gets customer's account number
- Asks only for information that is unavailable through company records
- Gives reasons for asking questions, if appropriate
- Obtains information for completion of the order, for example:
 - determines how name and address are to be listed in directory
 - key spells the listing section and the billing name and address to verify, when appropriate
 - obtains clear, concise directions at indefinite address (IA)
 - obtains former customer information when appropriate
 - verifies correct directory delivery address
 - if installment billing is discussed, determine number of months customer desires (as allowed by State tariff)
 - S & E determined through negotiation and customer concurrence
 - obtains can be reached number
 - determines the correct yellow page heading
 - determines number of directories needed
- Payment arrangements
 - identifies individual making arrangements
 - amount (discussions and notations should be in terms of dollars and cents, i.e., \$241.26, not full amount or balance)
 - payment location (where, by mail or in person)
 - date
- Updates credit as appropriate

* COMPLETE INFORMATION

- Explains difference in non-pub & non-list when appropriate.
- Advises customer entitled to one free yellow page listing when appropriate.
- ** ● Non-recurring charges must be quoted on all orders.
- ** **BUSINESS ONLY: QUOTE ALL RATES, RECURRING, AND NON-RECURRING, ON ALL N, T, AND C ORDERS; OR, GIVE THE CUSTOMER AN OPTION TO HAVE THE RATES QUOTED.**
- **EACH CONTACT IS UNIQUE — NOT ALL STANDARDS CAN BE LISTED. ADDITIONAL STANDARDS, I.E., HANDBOOK AND TRAINING CRITERIA MAY APPLY.**

EXHIBIT 3 - SERVICE AND SALES PERFORMANCE STANDARDS

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EXHIBIT 3

- Monthly rates must be quoted on all N&T's and all other orders on which a rate change occurs, including a "plus tax" statement.
- Wiring maintenance plan must be explained fully, presented as an option, rate quoted and consent obtained.
- Touch-Tone, and all other services, must be negotiated and explained to the customer and all appropriate charges quoted.
 - Equal Access/Full Disclosure statement must be made on all "N&T's" and appropriate "C" orders
 - Advises customer to call the carrier to establish an account
 - Refers customer to the Telemarketing Center or Customer Support Center as appropriate
 - Answers all customer questions completely and gives complete information
- The amount of the Access Line Charge must be quoted separately
 - Inside wiring negotiated as appropriate
 - Negotiates the appropriate due date and gain customer's acceptance
 - Make appropriate access arrangements to include:
 - contact person (IA)
 - contact's number (IA)
 - time interval (IA)
 - offer specific appointment interval upon customer request (i.e., AM or PM)
 - When speaking of payment arrangements, advise:
 - deposit, if appropriate
 - suspension, if appropriate
 - restoral charge, if appropriate
 - return check charge, if appropriate
 - Commitments to include date/day and time, i.e., by 4:30 tomorrow, or by 2:00 Friday, March 2nd.
- * ACCURATE INFORMATION
 - Provide correct information; corrects customer's misunderstanding
- * UNDERSTANDABLE EXPLANATION
 - Uses clear and easy-to-understand words, avoiding company terms and jargon
 - Varies approach and rephrases when necessary
 - Explains why necessary to transfer or refer customer, if appropriate
- BUSINESS ONLY: QUOTE ALL RATES, RECURRING, AND NON-RECURRING, ON ALL N, T, AND C ORDERS; OR, GIVE THE CUSTOMER AN OPTION TO HAVE THE RATES QUOTED.
- * EACH CONTACT IS UNIQUE — NOT ALL STANDARDS CAN BE LISTED. ADDITIONAL STANDARDS, I.E., HANDBOOK AND TRAINING CRITERIA MAY APPLY.

EXHIBIT 3 - SERVICE AND SALES PERFORMANCE STANDARDS

Page 3 of 5

FO4BO2Z_007132

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FO4A08Z 007132

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REP-19, 13.33

• **EFFECTIVE APPROACH**

- Has control of contact
- Avoids rambling discussions
- Offers alternative solutions if customer's request could not be granted
- Takes full responsibility for actions of company, including other departments, i.e., uses "we" instead of "they"
- Uses delegated authority
- Puts customer on hold only when necessary
- Does everything possible to ensure customer satisfaction
- Supports company's position, especially when request cannot be granted
- Transfers misdirected calls appropriately, explaining reason
- Educates customer if he/she has reached wrong number to avoid recurrence

• **CORRECT CLERICAL ACTION**

- Completes clerical work correctly: including orders - mechanized/manual, payment arrangements, forms, etc. (Clerical work should be followed up by AM after each sit-in or remote.)

• **RECAP**

- Verifies entire contact with customer, insuring that data agrees with customer request and makes any necessary changes and/or corrections.

• **RECOGNIZED OPPORTUNITY**

- Opportunities can include all contacts except denied service that cannot be restored or where the customer is clearly upset with our collection attempts or for any reason is obviously dissatisfied, or emphatically states, up front, that she/he does not want to discuss any additional services, or misdirected calls. (AM should determine whether the SR recognized the sales opportunity and made an appropriate sales attempt.)

• **DISCOVERING**

- Mutually identifies customer needs and values
 - conversational
 - asks permission to question (IA)
 - asks proper questions to clarify (IA)
 - asks questions to provoke thoughts/feelings (getting the customer to visualize himself or herself in a particular situation) (IA)
 - asks questions for additional information to give the SR sufficient information to visualize the customer's needs and values (IA)
 - summarizes customer's needs and gains agreement (IA)

- **EACH CONTACT IS UNIQUE — NOT ALL STANDARDS CAN BE LISTED. ADDITIONAL STANDARDS, I.E., HANDBOOK AND TRAINING CRITERIA MAY APPLY.**

EXHIBIT 3 - SERVICE AND SALES PERFORMANCE STANDARDS

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EXHIBIT 3

• PROPOSING

- Recommends services and options based on the customer's needs
 - presents options tailoring values to needs as mutually discovered (IA)
 - helps the customer visualize the end results by using commonality of other customer stories (IA)
 - allows customer to see him/herself as the decision maker (IA)
 - recognizes buying signals and closes when appropriate (IA)
 - tests the customer's acceptance of the proposal by using questions and statements such as: (IA)
 - What do you think?
 - Do you think that would be helpful to you?
 - I really think that fits your needs.
 - remains helpful and confident but not pushy.

• ASSURING (A)

- Closing the contact and leaving the customer satisfied with our service and our Company we:
 - responded to the objection by using the ABCD of Sales:
 - Ask open ended questions to identify the real objection
 - Be empathetic with the customers by acknowledging objections
 - Clarify the true objection with a closed question
 - Decide if a new option should be used or restate the old one based on the customer's values (IA)

• ASSURING (B)

- Thanked the customer for the sale
- Accepted a "No" graciously and thanked the customer for his/her time
- Left the customer feeling that his/her time was well spent and that we were attentive and that she/he was treated as a valued customer

• EACH CONTACT IS UNIQUE — NOT ALL STANDARDS CAN BE LISTED. ADDITIONAL STANDARDS, I.E., HANDBOOK AND TRAINING CRITERIA MAY APPLY.

EXHIBIT 3 - SERVICE AND SALES PERFORMANCE STANDARDS

FO4BO2Z 00713

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FO4A08Z 007134

EXHIBIT NUMBER ____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP-20

NEW ETHICS PROGRAMS

Southern Bell Tel. & Tel. Co.
FPSC Docket No. 910163-TL
Staff's 7th Set of Interrogatories
December 18, 1992
Item No. 75
Page 1 of 2

REQUEST: Identify all the steps Southern Bell has taken to increase its employee awareness of the need to demonstrate integrity in its dealings with the public and the Commission.

RESPONSE: In Florida, Southern Bell has taken numerous steps to ensure employees are aware of the acute need to perform their jobs in the highest ethical manner. They are reminded on a regular basis that no less will be tolerated.

Southern Bell has developed and implemented a new ethics education program that supplements existing procedures. The education program was implemented in October 1992 and will be presented to every management and non-management employee in Florida.

The company has revised its existing handbook "A Personal Responsibility" to further emphasize ethics, as well as promote the company's internal Hotline number for reporting ethics violations.

A code of ethics was developed and distributed to all employees.

Southern Bell has changed its management employee evaluation process and forms by incorporating two additional performance criteria:

- Commitment to customer service.
- Commitment to ethical business practices.

Southern Bell distributed one of three items (key chain, pop-up display or paperweight) to employees bearing the phrase: "These values are chiseled into the bedrock of honesty and integrity. The decisions we make each day help us to preserve this, the cornerstone of our business." And a list of our BellSouth Values -- Customer First, Respect for the Individual, Pursuit of Excellence, Positive Response to Change and Community Mindedness.

Attached is documentation outlining numerous methods used to convey this message to the general employee body, as well as actual articles and collateral materials used.

Attachment A: An article that appeared in the June/July 1991 Sun Scriber, Florida's employee publication.

B: An August 1991 letter by from Joe Lacher to all employees emphasizing the need for absolute ethical behavior when dealing with customers.

C: A November 1991 letter to employees talking about the employee hotline for ethics and security violations.

D: A column by Security General Manager Mario Martinez appearing in the December 1991 edition of the Sun Scriber.

Southern Bell Tel. & Tel. Co.
FPC Docket No. 910163-TL
Staff's 7th Set of Interrogatories
December 18, 1992
Item No. 75
Page 2 of 2

- E: A March 14 letter from State President Joe Lacher to all employees talking about ethical standards and the start of the PSC investigation.
- F: May 27 special Ethics Edition inserted into the TeleScope, a weekly newsletter for all BellSouth Telecommunications employees.
- G: The May 27 Edition of the telescope that included a letter to employees and customers from Chairman Frank Skinner and Florida President Joe Lacher.
- H: A June 22 memo to all employees from Chairman Frank Skinner introducing the Conflict of Interest Questionnaire and the Personal Responsibility booklet (also attached).
- I: A Sun Scriber Special Report responding to the July 13 press conference of the Florida Attorney General.
- J: A July 31, 1992 letter to employees talking about the company's Personal Responsibility Booklet.
- K: A Sun Scriber Special Report announcing a settlement agreement with the state prosecutor.
- L: An October 26 memorandum from State President Joe Lacher to all Pay Grade six managers and IMC managers in Florida emphasizing the terms of the agreement and each managers responsibility in living up to that agreement.
- M: Handouts from Southern Bell Ethics Awareness workshop.
- N: Timeline for Ethics Implementation Plan.
- O: 1993 Sun Scriber editorial schedule for Ethics Information.
- P: Copy of the the "Contents" page of the Sun Scriber. The employee hotline number appears in every issue.

INFORMATION PROVIDED BY: Court Lantaff
150 West Flagler Street
Miami, Florida

EXHIBIT NUMBER ____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP-21

ETHICS OBSERVATIONS

FLORIDA CENTRALIZED OBSERVING UNIT SUMMARY

WEEK _____ RES _____ BUS _____ COLL _____

MANAGER UNIT _____

TOTAL NUMBER OF OBSERVATIONS _____

CONTACT PERFORMANCE SCORINGS

- 1: MANNER & PROFESSIONALISM _____
- 2: COMPLETE INFORMATION _____
- 3: ACCURATE INFORMATION _____
- 4: EFFECTIVE APPROACH _____
- 5: RECAP _____
- 6: CORRECT CLERICAL ACTION _____

TOTAL NUMBER OF BREAKDOWNS _____

SALES NEGOTIATION BREAKDOWNS

- 1: DEVIATED FROM PROCEDURES _____
- 2: QUESTIONABLE SALES TECHNIQUES _____
- 3: ADDED SERVICE WITHOUT NEGOTIATION _____

TOTAL NUMBER OF BREAKDOWNS _____

BRIDGING OPPORTUNITY _____ NEEDS BASED PROPOSAL OPPORTUNITIES _____

BRIDGED _____ NEEDS BASED PROPOSAL USED _____

SPECIAL STUDIES

TYPE	SUMMARY
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

FO4B02Z 007100

FO4A08Z 007100

FLORIDA CENTRALIZED OBSERVING TEAM OVERVIEW

General: As a company, we know in order to compete effectively we have to provide not just good service but superior service. We must constantly strive for quality and find ways to search it out. To do that we have established a Centralized Observing Team.

Purpose: The purpose of the team is to conduct random observations throughout the state to insure that the customer in Florida is receiving the quality service he/she would want to receive. We will be determining if this service is provided in a courteous, helpful, knowledgeable and ethical manner.

Method: Florida's Centralized Observing Team will consist of Assistant Managers from throughout the state representing Residence (RSC), Business (BSC) and the Collections (RCC) disciplines under the direction of a team leader from the Florida Customer Services Staff Quality Assurance Module.

Team members are normally assigned for a 1 week period. The assistant manager conducts the contact evaluation as s/he would normally. The team will be looking for all aspects of service such as:

- Courtesy
- Accuracy
- Overall Call Handling
- Bridging/Sales Techniques

In order to ensure uniformity all team members will be provided guidelines for contact recording, scoring contact performance defects, and identifying and reporting occurrences of possible ethics deviations or customer abuse. Additionally, at the beginning of each observing week, the team leader will conduct a conference call of all observers to review procedures, advised of special studies and answer questions.

CONTACT SAMPLE CRITERIA The goal is to observe on 20% of available contact personnel weekly, with observations being taken throughout the week. Each observer will be provided with a minimum number of observations needed by office. This number will be adjusted quarterly to reflect existing force levels.

FLORIDA CENTRALIZED OBSERVING TEAM OVERVIEW

REPORTS AND TRACKING The following reports will be provided as indicated.

CENTRALIZED OBSERVING TEAM RESULTS Weekly results of total number of calls and routine contact scorings observed. Sales observations totals are tallied with sales negotiation deficiencies summarized by category. Bridging and Needs Based proposal results are also provided. Reports are distributed monthly at state, district and manager level to the General Manager, Operations Managers and Managers. The state report is also provided to the Vice-President - Customer Services and State Vice-President.

MANAGER UNIT SCORINGS Details by manager unit of specific contact deviations observed. Account information and representative name will not be provided. This report is provided to the affected unit Manager.

CONTACT RECORDING GUIDELINES

RECORDING THE OBSERVATION

The special centralized observing observation form should be used to record all contacts. The first section of the form provides a place to record the manager unit observed, observer name, date, time and representative observed.

CONTACT TYPE Check category of contact observed. Based on the content of the contact, multiple categories may be tallied. Attachment A provides a brief description of each category.

CONTACT PERFORMANCE SCORINGS Tally observed breakdowns, using existing contact performance standards.

SALES NEGOTIATION BREAKDOWNS Tally breakdowns in sales proposing and/or negotiating. See Attachment B for explanation of categories and illustrative examples.

REVENUE GENERATION. Tally whether or not the contact presented an opportunity to bridge and if an attempt was made. Tally whether or not the contact was a sales opportunity and if a Needs Based sales proposal was made.

ACCT #/SHAK # Enter the telephone number of the account(s) discussed. Enter the SHAK number of orders issued or updated.

EXCEPTIONAL SERVICE Contacts observed that were truly outstanding should be noted here. These would be those contacts where, in the observers opinion, the representative provided exemplary service. Did the rep go above and beyond the customer's stated request and truly "DELIGHT" the customer?

BREAKDOWNS A brief description of each breakdown scored is to be entered here using standard contact scoring criteria. Example; an Accurate Information breakdown will carry the explanation "(1) Rep gave wrong amount of bill."

NOTES The NOTES section of the Contact Evaluation form is used to record the contents of the call. Sufficient information should be recorded to support the contact scorings assigned. The back of the form or additional sheets may be used as needed.

The centralized observing team is conducting service management observations, consistent with the Communications Workers of America and BellSouth Corporation 1986 Memoranda Of Agreement governing monitoring activities. Under these guidelines, routine identified deficiencies, scorings, job defects, etc are not referred to affected contact personnel or their district. The attached memo, OBSERVER GUIDELINES FOR CONTACT REFERRAL provides information on the exception to these guidelines as well as instructions for handling. Please read carefully. Contacts that have been referred because of possible ethics

CONTACT RECORDING GUIDELINES

deviations or customer abuse should have enough information recorded, the more the better, to accurately recreate the events of the call. These should be flagged by writing "REFERRAL" in red on the top of the contact.

SPECIAL STUDIES Periodically the COT is asked to focus on problem areas, implementation of new procedures, specific contact handling practices, etc. This information should be recorded in the SPECIAL STUDIES section. Special studies are assigned on a weekly basis and will be covered in the weekly conference call prior to the start of the observing week.

Finally, the overall contact should be reviewed to determine if the GOAL standard has been met.

SUMMARIZING THE OBSERVATION SESSION At the end of the observing week, the contacts observed for each unit should be summarized using the provided form.

The top section of the form provides space to record the discipline, week, and manager unit observed.

CONTACT PERFORMANCE SCORINGS Total the scorings for each category.

SALES NEGOTIATION BREAKDOWNS Total the breakdowns in each sales category. The actual defect, Complete Information, Accurate Information, etc, will also be counted as a Contact Performance Scoring.

BRIDGING OPPORTUNITY/BRIDGED Enter the total number of contacts that presented an opportunity to bridge and the number bridged. These would not include contacts, such as N and T orders, that are normally considered to be sales opportunities.

NEEDS BASED PROPOSAL OPPORTUNITIES/USED Enter the total number of all contacts (orders issued, bridge opportunities and attempts, etc) that presented an opportunity to use Needs Based sales techniques and the total number of times used.

All summarization forms with original contacts attached should be mailed to the team leader by Tuesday following the week of observing.

The current team leader is:
Wanda Lewis
20EE1
301 W. Bay St.
Jacksonville, FL 32202

RECORD RETENTION PERIOD Observations that are referred because of ethics deviations or customer abuse will be retained in a permanent file in the state staff office. All other observations will be retained for a period of 3 to 6 months.

ATTACHMENT A

CENTRALIZED OBSERVING CONTACT CATEGORY

ORD(NSO) ORDER CONTACT - NO SALES OPPORTUNITY Order contact did not include any sales discussion and/or negotiation of optional services. (This would include D, F, some C and R.)

ORD(SO) ORDER CONTACT - SALES OPPORTUNITY Order contact included sales discussion and/or negotiation of optional services.

SA SALES ATTEMPT Non - order contact that included some type of sales attempt of optional services. (Includes bridge attempts. A Sales Attempt may be tallied in addition to another contact category.)

POI PENDING ORDER INQUIRY Contact regarding a pending order.

BILL Contact regarding billing matters, excluding tolls.

TOLL Contact regarding toll charges.

LIVE IN
FINAL IN Calls concerning past due active or final accounts.

MISC MISCELLANEOUS Calls that do not fall in one of the above categories.

N/C NO CREDIT Calls that could not be handled by the contact rep. Would included transfers to other departments, wrong numbers, personal calls, etc.

ATTACHMENT B

SALES NEGOTIATION BREAKDOWNS

This is a separate tally of any observed deficiencies in the sales proposal and/or negotiation process. Breakdowns here will also be reflected in the normal CSE categories of Complete Information, Accurate Information, Effective Approach, etc.

(The examples provided for each category are representative and are not to be considered all inclusive.)

ADDED SERVICES WITHOUT NEGOTIATION

Feature or Service was added with NO discussion, no rate quoted and/or no agreement obtained from the customer. Includes issuing order with features/services customer advised did not want.

OBSERVED OCCURRENCES OF ADDING SERVICES WITHOUT NEGOTIATION WILL BE CONSIDERED AN ETHICS DEVIATION AND REFERRED TO THE APPROPRIATE OPERATIONS MANAGER.

QUESTIONABLE SALE TECHNIQUE

Feature or Service added without full discussion, there may be some question as to what the customer understood and sales approach is not in adherence with approved sales practices. Includes, but is not limited to;

- Quickclose
- Assume the sale
- Using "same services" phrase.
- Asked if using TT set

DEVIATED FROM PROCEDURES

Feature or Service was added with full customer knowledge and a rate was quoted but the method used did not follow established guidelines and procedures, including full disclosure requirements. The sales method used could cause some misunderstanding. Includes, but is not limited to;

- Deducting MFDP credit before quoting rate
- Fail to quote non-recurring and/or monthly rate
- Quoted incorrect monthly rate.

FO4B02Z 007087

FO4A08Z 007087

OBSERVER GUIDELINES FOR CONTACT REFERRAL

Several recent memos and policy letters have been distributed clarifying expectations on how our services are to be offered and negotiated. These provide clear guidelines for the ethical handling of customer contacts, both Universal and Collections. Failure to follow these guidelines during any customer contact will indicate a need for further investigation.

Established guidelines for the appropriate handling of a customer contact also provide the criteria for the designation of a charge of severe customer mishandling or customer abuse. This may result when a service rep has mishandled the call by cutting the customer off, transferred to another department without advising the customer or has been so extremely rude and unprofessional that the customer reacted unfavorably or commented on the rep's behavior.

Observations that include either of the above situations are the exception to the normal handling of contacts taken by the Centralized Observing Team.

Upon observing a call that is considered to contain either a possible ethics deviation or an occurrence of gross customer abuse, the contact should be referred immediately to the Centralized Observing Team leader.

Complete details should be provided, including the reps name, time of call, account information, order # and as much call detail as is needed to accurately reconstruct the events of the contact.

NOTE: The initial judgment of a deviation from ethical policies or a customer abuse occurrence has to be made by the observer based solely on the content of the recorded conversation between the rep and the customer and a review of the customer account and/or order. Because of various reasons, this maybe a confusing or difficult decision. Instances that appear to be unclear should be discussed with the team leader and a joint decision made.

As information, the team leader will review the information provided, including BOCRIS memo notes, order information, etc. Copies will be obtained and held in a permanent reference file, along with the original notes from the call with the observer and the original contact recording sheet. Details of the occurrence will be referred by the Centralized Observing Team leader to the Operations Manager of the service rep implicated. In the absence of the OM the appropriate Manager will be contacted.

CENTRALIZED OBSERVING REFERRAL PROCEDURES

To establish a common ground for the uniform handling of observations referred by the Florida Centralized Observing Team the following procedures should be adopted in each district.

BREAKDOWNS REFERRED Routine contact performance breakdowns are not referred. Reports will be provided by district of the nature of breakdowns observed, however, service rep name and account information will not be provided.

The exceptions will be:

- <CATEGORY 1> Observations that indicate a failure to follow established ethical customer contact performance guidelines.
- <CATEGORY 2> Observations that indicate severe customer mishandling.

Contacts that contain the above deficiencies will be referred to the district.

PROCEDURES FOR REFERRAL The observer will refer the contact to the Centralized Observing team (COT) leader as soon as possible after the call is recorded. Complete details are provided, including the reps name, time of call, account information, order # and as much call detail as is needed to reconstruct the events of the contact.

The COT leader will review the information provided, including BOCRIS memo notes, order information, etc. Copies will be obtained and held in a permanent reference file, along with the original notes from the call with the observer and the original contact recording sheet.

Details of the occurrence will be referred to the Operations Manager of the representative implicated. In the absence of the OM the appropriate Manager will be contacted. The initial referral will be by telephone with a Centralized Observing Referral Form being forwarded via E-Mail to the OM.

DISTRICT RESPONSIBILITIES Upon receipt each referral should be reviewed to determine the action indicated. The decision to initiate further investigation or to take immediate disciplinary action should be made in consultation with Area Personnel, and Security as appropriate. All investigation and action taken is to be documented by the district and retained in a permanent file.

Within thirty (30) days of referral a final report should be returned to Centralized Observing using the response form provided. The report should contain a complete overview of the all action taken by the district.

All information provided will become part of the permanent file maintained by the state Centralized Observing staff.

CENTRALIZED OBSERVING REFERRAL FORM

(1) CE-B-01-01

(2) RFRL CAT :
 (3) DISTRICT :
 (4) UNIT :
 (5) OBSERVER :
 (6) DATE :
 (7) REP :
 (8) TEL # :
 (9) SHAK :
 (10) REFERRED TO :
 (11) RESPONSE DATE :

(12) SALES NEGOTIATION SCORING DETAILS Specific information from the observed contact is provided to support the referral. The services added, discussion with the customer and any other information that may be relative to the referral.

INSTRUCTIONS FOR COMPLETION

- (1) CONTROL NUMBER Consists of the initials for the district, the observing week the deviation occurred, Residence or Business in districts with both disciplines, consecutive number of referrals for district.
 example: CE-B-04-01. The Central district, business, week 04 of observing, the first referral for this district.
- (2) Category the type of referral. (1) Indicates a referral because of a possible ethics deviations. (2) Indicates a referral because of severe customer mishandling.
- (3) DISTRICT The district being observed.
- (4) UNIT The unit being observed.
- (5) OBSERVER The team observer who recorded the contact.
- (6) DATE The date the contact was recorded.
- (7) REP Identifying information on the observed rep. Name, BOCRIS ID, DOE initials, etc.
- (8) TEL # The customer account number(s) discussed during the contact.
- (9) SHAK # The order reference number issued or discussed.
- (10) REFERRED The Operations Manager and/or Manager who received the referral and the date given.
- (11) RESPONSE DATE The date a close-out or interim report is due.
- (12) SALES NEGOTIATION SCORING DETAILS See above.

CENTRALIZED OBSERVING REFERRAL RESPONSE

CONTROL # : _____
 DISTRICT : _____
 UNIT : _____
 DATE REFERRED : _____
 REP : _____
 RESPONSE PREPARED BY : _____

DISTRICT INVESTIGATION Provide information on any investigation conducted by the district, including discussion with the customer, discussion with Personnel, additional observations, etc. _____

EMPLOYEE DISCUSSION Provide details of any discussion with affected rep. _____

DISCIPLINARY ACTION Provide reason and type of any disciplinary action taken. Also indicate any labor action completed or pending as a result of action taken. _____

OTHER ACTION TAKEN Provide information on any type of corrective action, individual or unit, taken as a result of original or subsequent observations. _____

SUMMARY Provide additional information as appropriate. Include recommendation to close out referral or to continue additional investigation. _____

OBSERVATION MINIMUM WEEKLY QUOTA BY UNIT

BUSINESS

JAX BSC	-	10	(Droste)
ORL BSC	-	11	(Droste)
BRWD BSC	-	21	(Lusthaus)
MIA BSC	-	20	(Bednar)
		<u>62</u>	

COLLECTIONS

MIA 1	-	13	(Dardick)
MIA 2	-	13	(Castaneda)
MIA 3	-	13	(Guariglia)
BROW	-	19	(Sisolak)
JAX 1	-	12	(Clemons)
JAX 2	-	12	(Adams)
ORL	-	13	(Short)
WPB	-	<u>11</u>	(Roberts)
		106	

RESIDENCE

MIA 1 & BILI	-	10	(Calas)
MIA 2	-	8	(Ind)
MIA 3	-	9	(Pokora)
MIA 4	-	11	(Marin)
MIA 5	-	11	(Jugo)
MIA 6	-	11	(Carabello)
JAX 1	-	13	(Young)
GNSVL	-	8	(Crawford)
PAN CTY	-	6	(Jett)
PNSC 1	-	7	(Bordelon)
PNSC 2	-	7	(Jett)
ORL	-	15	(Rogers)
M. ISLAND	-	7	(Bergdoll)
DAY	-	7	(Karssen)
FT PR	-	10	(McCarthy)
SE RES 1	-	8	(Jarriel)
SE RES 2	-	8	(Davis)
SE RES 3	-	8	(Graham)
SE RES 4	-	11	(McNamara)
SE RES 5	-	11	(Woodbury)
SE RES 6	-	<u>11</u>	(Kolb)
		197	

EXHIBIT NUMBER _____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP-22

SERVICES ADDED WITHOUT NEGOTIATION

EXHIBIT NUMBER _____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP-23

QUESTIONABLE TECHNIQUES USED

EXHIBIT NUMBER _____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP-24

DEVIATED FROM PROCEDURES

EXHIBIT NUMBER ____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP-25

FLORIDA SALES AUDIT
OCTOBER 31, 1991

EXHIBIT REP-26
Pg 1 of 5

FYI

CP
5/23

DATE: May 21, 1986
TO: Clinton Perkins, Jr., Director-Pricing
FROM: Steve Gold, Operations Manager-Pricing
SUBJECT: California PUC Penalty

Following is our understanding of the situation which lead to Pacific Telephone being ordered to pay a \$50M penalty by the California PUC.

Essentially what put the Pacific company in trouble was "over zealous" RSC/BSC sales representatives using methods geared to attainment of sales incentives and objectives. Sales Representatives were packaging service items such as, the highest priced exchange service line, Custom Calling, Touch-Tone, OCP's, etc. Single prices were being quoted for customer acceptance, without explaining items included in the quote, nor alternative services.

Hearings have been set in California for 5-24-86 to appeal the penalty. However, the only thing Pacific plans to offer the Commission is employee retraining, changes to their sales incentive programs and broad customer notification.

Steve Gold

RECEIVED
BELLSOUTH SERVICES

MAY 22 1986

ASST. VICE PRESIDENT
LINES OF BUSINESS

PRIVATE

THE INFORMATION CONTAINED HEREIN SHOULD NOT BE DISCLOSED TO UNAUTHORIZED PERSONS. IT IS MEANT SOLELY FOR USE BY AUTHORIZED BELLSOUTH SERVICES EMPLOYEES.

RECEIVED
BELLSOUTH SERVICES

MAY 21 1986

DIRECTOR-PRICING

PRIVATE

Both SB and SCB RSC/BSC lines sales organizations use a sales plan referred to as Sales Pro or "Assume the Sale". Informed contacts have indicated this plan is much like that used in California and while sale success with this plan may appear good, TelSan Results (service measurement through customer feedback) indicate customer displeasure with our explanation of service purchased. Apparently there is no current action being taken regarding this situation.

The California situation, plus past and current experience in our region, indicates action may need to be initiated by SB/SCB Marketing.

In the past, there have been serious problems with "Full Disclosure", especially in Tennessee. (Full disclosure is the term used for ensuring that all customers are at least advised of the "least cost" basic exchange service available to them.)

Currently, tracking results for Prestige services in both BOCs indicate high churn (shortened service life) which may be caused by inadequate explanation of this complex service. Through analysis of the reasons for this churn has not been made. This Prestige condition could be compounded if SCB Marketing succeeds in their plans to conduct a sales campaign with waiver of Prestige nonrecurring charges. The economic value of a campaign such as this is not only questionable, but also untimely, because Prestige I, is apparently still being sold by SCB to single line business customers and residence may be doing the same. (About 200 Prestige systems were sold in residence last month alone and it is doubtful this much multiline residence market exists for Prestige I or II). The Prestige Single Line Service will not be tariffed until June, 1986 at the earliest.)

If a review of sales procedures in the BSS region is not undertaken soon, a Commission in the region may follow the California example.

5-20-86

PRIVATE

THE INFORMATION CONTAINED HEREIN SHOULD NOT BE DISCLOSED TO UNAUTHORIZED PERSONS. IT IS MEANT SOLELY FOR USE BY AUTHORIZED BELL SOUTH SERVICES EMPLOYEES.

PRIVATE

JUN 1 1986 Pg3

JUN 12 1986

DATE: JUNE 6, 1986
TO: OPERATIONS STAFF MANAGERS - AREAS
FROM: MIKE CARSON
OPERATIONS STAFF MANAGER
SUBJECT: CALIFORNIA PUC PENALTY.

PLEASE REVIEW THE ATTACHED MATERIAL WHICH CONCERNS THE \$50 MILLION PENALTY CURRENTLY UNDER CONSIDERATION BY THE CALIFORNIA PUC AGAINST PACIFIC TELEPHONE.

YOU NEED TO BE AWARE OF THIS SITUATION AND, AS WE HAVE DISCUSSED BEFORE, BE CERTAIN THAT WE ARE PROPERLY SELLING TO OUR CUSTOMERS. CALL ME IF YOU HAVE ANY QUESTIONS.

Mike

PRIVATE

representatives in Southern California were telling customers that, like the custom calling features they had ordered, they could call and cancel the service and all charges related to the custom calling services would be adjusted," even though there exists no such provision in Bell's tariffs. P54

She also found that 65% of the service representatives that she and other PSD staff members contacted were bundling custom calling features onto basic services and recommending the package.

"Basic flat rate service in California is \$8.25," said public staffer David Shantz. "But we were getting \$27 to \$30 quotes from Pac Bell -- that this was the basic package that they recommended."

Pac Bell Says Changes Made In response to the PUC staff charges about free trials, loading enhanced features onto basic plans and adding unwanted features, a Pac Bell spokesman said, "Prior to the issuance of the (PUC staff) report we had become aware internally of problems associated with our marketing programs. We found out there was confusion among service representatives and that we had not done as good a job as we might have."

The spokesman said Pac Bell has made changes in the way representatives discuss services with customers, especially concerning "free trials" and basic and enhanced services. He also said the telco is instituting an order confirmation process in which the sales person sends the customer a postcard detailing the ordered services.

The PUC staff report claims, however, that a customer was offered and accepted a 30-day "free trial period" more than one month after Pac Bell officially prohibited this practice.

As for universal lifeline telephone service, which in California provides a 50% subsidy for persons earning less than \$11,500, Miller presented herself as an unemployed woman who was living off her savings, had no income and was receiving no assistance. The report states that 53% of the service representatives did not mention that lifeline includes waiver of the deposit and 50% off the service connection charges for the basic local access line. Miller said she also found loading of extras onto lifeline service.

Pac Bell Questions Lifeline Sampling Pac Bell does take issue, though, with the validity of the PUC staff's sampling concerning lifeline service. "We take 130,000 calls a day. I don't know how many calls the staff witness (Miller) made, but sure, there is the possibility you might find a brand new service representative."

The PUC had raised the lifeline eligibility requirement from \$11,000 to \$11,500 after finding few of those eligible signed up for the service. The commission also recently cut the tax that supports lifeline -- the interexchange carrier gross revenues tax -- from 4% to 1.5% because not enough people were signing up for the service (STRR April 24).

The Pac Bell spokesman attributed the low acceptance rate for lifeline to the low regular flat rate of \$8.25 for unlimited local calling. Lifeline subscribers are limited to 60 calls a month, but for only a \$1.47 charge. The BO plans a campaign using bill inserts to notify those who have not recertified themselves for lifeline.

be returned to: _____

Document Review Date: _____

P95

Date: May 22, 1986

To: Operations Managers - Residence
Operations Managers - BSC

From: W. A. Dodgen, Operations Manager - Marketing Support

Subject: Sales Information

Attached for your use and guidance is an article from the May 8, 1986 issue of the State Telephone Regulation Report detailing a sales-related problem which recently surfaced in California. While I am confident that our people are not utilizing the deceptive sales tactics alluded to here, I wanted you and your management staff to be aware of the difficulty PAC Bell is experiencing.

As you know, since the original implementation of the Sales Pro training in South Central Bell, we have made every effort to ensure that our people fully explain all products/services to our customers prior to including them on an order. If we continue to manage the sales job very closely through remote observations and CSE sit-ins, we can continue to raise our required revenues while maintaining integrity in our sales efforts.

If you have any questions regarding this information, please contact Janie Yarbrough on 205-321-4013.

Janie Yarbrough

Attachment

bcc: Wm. M. Johnson, Jr.
M. P. Greene, Jr.

FOR CONCURRENCE BEFORE SIGNATURE		
NAME	INITIALS	DATE
<i>J. Yarbrough</i>	<i>JY</i>	<i>5/20</i>
<i>W. A. Dodgen</i>	<i>WAD</i>	<i>5/20</i>
PREPARED BY:	<i>J. Yarbrough</i>	
REVISED BY:		
TYPED BY:	<i>Janie Yarbrough</i>	
LOC. OF DOCUMENT:		
DATE:		

ms. 5-22-86

file: salesinfo

December 8, 1987 Atlanta, Georgia

Service Representative Committee

EXHIBIT REC-27
Pg 1

Welcoming by Dennis Allen.

Introduction of Ms. Bruce Bursi, Manager RTOC, Memphis, Tennessee. Ms. Bursi had not attended our last meeting.

Ms. Diane Woodbury, Assistant Staff Manager, BellSouth Services, will no longer be part of the committee. She has been promoted. No replacement for her has been made at this time.

Through mutual agreement Ms. Cathy Snyder, Manager RTOC, Miami, Florida and Ms. Jo-Ann Streeper, CWA Local 3406 will be recording secretaries for the committee.

Jim Adler spoke next giving background of the formation of the committee and the District 3 meeting in Orlando, Florida last March.

- I. From the original meeting of 16 service reps on the sub-committee, 8 were chosen to form this committee. We feel those 8 who were selected to represent everyone were excellent choices.
- II Some things that have come out of our prior meetings is that there is no uniformity of standards from one Manager's group to another.
- III Problems of communication on both sides for a number of years. Even with the pressure of divestiture removed, there would be problems in this job due to all the technological changes the last few years.
- IV Stress is a catchall phrase. Under that umbrella falls 8 major problems that directly affect the individual.
 - A) Problems in sales and objectives. We will be spending the better part of the day on this today.
 - B) Collections
 - C) Evaluations and Appraisals.
 - D) Cheating/Greed - Major concerns. This is an extremely delicate issue for both sides.
 - E) Monitoring-different interpretation of how this is to be handled. A large difference of interpretation exists between South Central Bell and BellSouth.
 - F) Management Styles-Inconsistencies thereof. No uniformity between Manager's groups.
 - G) Computers and down-time. No safeguards to, the technology changes that people have no control over.

REPORT Pg 2

- H) Stress-Attendance problems/Vacation schedule, little or no excused time. Inadequate number of weeks for people to choose from.
- I) Training-Inadequate and incomplete training for today's work environment. No time to train, no place to store, no time to review.
- J) Physical Plant-VDT, desk and chairs, clocks not being in synch.
- K) BOFAD and BOCAMP

These are the major problems that when added together, add to stress and create problems on the job. Stress affects an employee's attitude to other craft, management and their ability to perform their jobs.

As an objective for today, I would like to see us tackle that objective of sales.

Dennis Allen spoke next:

I want to recover some of your points before we move on. The Company is here because we want to be here. We are not under any obligations to recognize your motions made by the Union. We all believe in the corporate values set forth by John Clendenin. It is because we recognize there are problems in this job; multiple problems and we want to get workable solutions to these problems. I have the outline you have given me and hope you have some solutions to these problems.

Jim Adler:

Today, we just want to present some of the problems. To make you aware of what these problems are. Then give us a chance to listen to your points of view. We want to work out any solutions together.

Dennis Allen:

I have asked the company people not to challenge what you are saying, but rather to accept your word for what is going on. They will ask from time to time for points of clarification.

We break at 10AM, will re-break at 12 for lunch, and adjourn around 4 or 4:30 PM.

Jo Streeper:

Read report on unfair distribution of sales credit between commercial and plant department.

Dick Unkenholz:

Not the intent of the point system to create these kind of problems. They were designed to motivate and create enthusiasm among people.

Shelba:

All it has done was cause of lot of cheating. You can't read the report anyway. It's not always accurate.

Bobbie Sims:

Supposed to be more accurate in Southern Bell next year. Large team will give everyone equal opportunity to take calls for the whole state. This should be more objective and uniform next year.

RFP-27, P.3

Kay:

In North Carolina, the entire group has to be objective before anyone can get points.

Bobbie Sims:

In South Carolina, will go the the collectors title, so RASC will get no points.

Shelba:

- I Official sales report is hard to read and inaccurate. I also want to talk about bridging. We have had people with entries in their records for not bridging.
- II Inadequate training to do the job. Help is not there when you need it.
- III Sales programs are taken far afield. "Putting on the Ritz" cost \$50,000 for an outside contractor to generate sales. Had a mime go around to the offices.
- IV Collection group in Florida doesn't sell but feels cheated when they see the RTOC people get closed time for sales, prizes and shows.

Janice Haney:

So what you are saying then, we should give motivational prizes for collection work as well as sales?

Shelba:

I'm saying, nothing is fairly done.

Bobbie Sims:

Different work groups feel left out when you see prizes. Several work units in the same group. I can see where this could cause a morale problem, when we change to the collection group next year, since they will be side by side in the same building.

Shelba:

- I I also don't like names on the mailout letters from the business office.
- II People won't talk to anybody else if they see a name on the letter.
- III Orders may be updated by somebody else, but if you took the original order it's your name they get.
- IV Wives place an order, husband gets this letter then calls us. The wives lie so they don't get in trouble for what they ordered. We get the blame.
- V No closed time to meet commitments that these letters generate.

Janice Haney:

Catch 22, if a name goes on the order, it seems more personalized. I think service to the customer should be first. It may cause some problems but I feel it is worth it.

REP-27, Pg 4

Shelba:

It really needs to be looked at carefully. It causes more problems than you know.

AFTERNOON SESSION

Kay:

Plan to bring up a problem in all nine states. "Creative Selling" (Cheating) causes inflated percentages. Have over-achievers in any office and I'm not saying that every person who has high sales cheats, but enough do that I feel should set objectives taking this into consideration. Used example of prestige being fraudulently sold.

Jo Streeper:

The assumptive sales technique used for the last few years have caused highly inflated sales percentages. This year we have the "customer center sales" and the sales quotas are still the same.

Shelba:

We need to set next years objectives lower.

Dick Unkenholz:

It's too late. The quotas for 88 have already been set.

Shelba:

Was that taken into consideration when they were set? What will the percentages be?

Dick Unkenholz:

I don't have the figures here but they will be raised.

Shelba:

I thought that is what this committee was for, so we could work these things out together.

Dick Unkenholz:

The Company moves along as it needs to. People are meeting on things like this right now, even as we speak. If objectives should ever be lowered it won't be in the immediate future. Besides people don't seem to be having any problems meeting their quotas. That is why they were raised.

Shelba:

We are having problems. That is what this is all about. That's why you have all this cheating going on. People are trying to keep their jobs anyway they can.

Dick:

I don't believe that. People may cheat for greed, but I think if they were concerned about their jobs they would find some other way to do it. Maybe some other training or something like that, but you won't find people who are that interested.

REP-27, Pg. 5

Jo Streeper:

That's not true. Told about 52 service reps in Lafayette taking a six week course by Dale Carnegie on their own time. Excellent results and morale during those six weeks.

Dick:

What happened?

Jo Streeper:

We were told to go back to the assumption technique. The holding time had gone up to 7.5. The Carnegie technique while being very similar to customer center sales took too much time. Even though it was better customer service.

Paula:

The customer's are the ones who suffer from all this. Read 12 months of Telsam reports in which customers complained of "sales" they hadn't ordered on their line. Of being pushed by service reps to buy after they repeatedly said no.

Sharon Hakola:

Look, we know this cheating causes us problems but what do you want us to do? If we catch someone on a service management observation, you people have to defend them.

Shelba:

Only the people who are low in sales are talked to or disciplined. The people who are high sellers-management covers up for them. Then uses their sales as examples for the rest of us. We know who cheats and who doesn't yet they are always used as good examples.

Thelma:

Top people have been fired for cheating. But only after getting by with it for years. They make the managers look good.

Francis:

Management knows and looks the other way. Proof being when staff comes in everybody knows it.

Kay:

I In North Carolina, there is a company called "Making an Order" that connects all the utilities for people. Used an example of the lady who took all the orders from this company and floated her sales code by individual items.

II Some people will take CCS off an order they update, then issue a subsequent C order going back in with IBI WAC and RMKS: Requested on original order.

Jimmy Smith:

All people here are saying is that we want to change the objective to make it fair and reasonable to meet so that this won't keep going on.

REP 27, 31

Jo-Ann Smith:

Feel if you are low and make an honest mistake, it is viewed as an attempt to cheat. If you are high, it is viewed as an "honest mistake".

Anne:

- I Example given of changing due dates on canvass areas to gain extra points and enable the manager to meet his objective. 200 extra due dates were given to this manager.
- II Causes low morale in the offices and puts RASC against RTOC instead of working together as a team.
- III The RTOC manager has been very cooperative and is working with us. He has let us hold meetings and even agreed to remove all sales objectives on a trial basis.
- IV The RASC manager is exactly opposite. We are getting no cooperation and he has even raised the sales objective.

Bobbie Sims:

Problems are caused by forecasting setting the sales goals. If these are accurate ok but if they miss it can really cause severe problems.

Francis:

The "Bell Curve" caused problems. Harrass people 11 months out of the year then they implement the Bell Curve at appraisal time and that same person is suddenly satisfactory. 11 months is a lot of harrassment.

Cathy Snyder:

Should have the leeway to trend every three months.

Thelma:

I need to add, sales results are unrealistic-usually in RASC, we can't canvass an office until it matures for 60 days. Some people were allowed to canvass during the waiver in non mature offices and others were not. Monitoring is used as a discipline tool on low sales.

Paula:

- I RTOC has the lowest sales objective in the System in Tennessee. They have no problem meeting their objective. RASC is not that way. They have a number of items to meet and have problems. We have been told this will change after the first of the year where both will sell on a dollar basis.
- II Even the managers admit sales have created a monster. Everybody knows we have to sell and everybody tries. Most of the management people do try to work with us.

Shelba:

Let us not forget our business reps. When you go back to your respective offices and think about all reps, not just residence.

Dennis Allen:

John Clendenin believes in customer first. So does Dennis Allen. The integrity issue needs to be addressed before this committee lets out.

REF-23, 27

Bobbie Sims:

Sales objectives and prizes are not what is causing the problem. I can remember years back before all these prizes came out that people used to accuse each other of cheating. Everybody wants to be number one.

Jim Adler:

Need to remove the fear factor from this title. People who think they will lose their jobs will do what ever they feel they have to.

Shelba:

Certain amount of people may be like that but others just steal. Like I said before we know who they are, and when page after page of orders are given to a supervisor and nothing is done about it, it hurts morale.

Calvin Patrick:

Very contrary to what this Union stands for, we don't like having to bring this up, but it has caused such inflated percentages that we have to deal with it.

Shelba:

Cited cases where people have known and hushed up cases because it makes management look good.

Francis:

Agree with Jim. Need to show that cheating will not be condoned and sales quotas need to be reasonable. 88 is coming up.

Sharon Hakola:

We only get fraud orders from other offices, never from our own office, so you think it doesn't happen in your own office.

Jo-Ann Smith:

Oh, yes it does. Don't think for a minute, it doesn't. I just meant to talk with you about it later.

Shelba:

Contributed an article from Los Angeles Times on Fraud in the Corporate Work Place.

Break at 2:45-2:55.

Shelba:

Recognition of individual rep on the "I can help" program.

Jim Adler:

Let's break at 3:30 to see where we are and where to go from here.

December 10, 1987

REP 27
Pg. 8

To: Jim Adler
From: Jo Streeper
Subject: Service Reps Committee

Dear Jim,

Due to the extraordinary ability of my secretary to transcribe speed writing, you will find the enclosed minutes of our last meeting are quite detailed.

You had requested these notes be kept as complete and confidential as possible due to the sensitive subject matter, therefore, I am sending them to you to edit or distribute as you deem necessary.

I think in the future a simple outline form of subject matter should prove sufficient for our needs, unless something unusual should occur.

I look forward to our next meeting in Memphis and hope it will be as productive as our last.

Faternally yours,


Jo Streeper

enclosure

DEC 14

REF-27
P39

Jim Adler:

Most of our complaints have been in the residence groups. While the business people do have complaints they are not nearly as severe as what you people face every day.

Dick:

Their quotas for 88 will be raised also.

Thelma:

Incorrect sales report-gave examples.

Dick:

Periodically we pull 300 service orders and do a computer run. They hand add to check the orders. Compare the two orders. We have found no significant differences. They are checked.

Dennis Allen:

I have heard several requests to lower the objective. Want a union position. If you lower the revenue you may reduce jobs. That is always a possibility.

Jim Adler:

I think you can see the numbers we are talking about are inflated and not realistic. This needs to be looked at in more depth.

Bobbie Sims:

Negative article from a Union paper comparing supervisors to witches. Very derogatory and makes us look bad. If we are to work together we all need to be treated with respect.

Dennis Allen:

Next meeting in Memphis, Tennessee on January 27, 28, 29. We will meet in the company offices and meet with the service reps there. Be a walking ambassador for this committee. Keep a positive aspect at all times.

DAY ONE

REF 27
Pg. 10

The Service Reps Committee convened in Atlanta, Georgia on December 7. Jim Adler led off the meeting with the agenda for our first working meeting with the Company.

AGENDA FOR DECEMBER 8

- 1) 8:30 Meet with the Company.
- 2) 9:00 Meeting starts
- 3) Diane Woodbury in charge of training has been promoted and not on the committee. No replacement has been announced as yet.
- 4) First item will be to re-introduce ourselves.
- 5) Statement of purpose. The Company has come up with an abbreviated form. We will work on ours later today.
- 6) Next order of business-I will give an overview of what we have been working on over the last few meetings. We will zero in on one or two of the most important items.
- 7) We will then turn the meeting over to the committee members.
- 8) Objective is to be spokesperson for YOUR STATE -not your own personal work group.
- 9) The Company has made a commitment to give full support to this committee.
- 10) Each person will be given a turn to speak. Do not give solutions. State the problems, then move along.
- 11) The management committee will be given equal time to rebutt or question.
- 12) Then we will work on the solutions jointly.

Jimmy Smith spoke next. He advised that we were still trying to eliminate the reclassification of "Collection Representative" and the down-grade associated with it.

We are trying to keep this from going to a neutral third party because we don't want to live with a ruling against us.

Pacific Bell in California has already had a ruling and it has gone in the Company's favor.

The Company will poll RASC for volunteers, then if not enough volunteers, will force in inverse order of seniority. Where people are forced, their pay will be stabilized for one year before the pay cut begins.

The first obligation of the Union will be to negotiate the highest and best interest

FROM THE SERVICE REPS
COMMITTEE

wage scale we can for our members. We feel that will be the best way to protect the people.

REF 21
P 511

STATEMENT OF PURPOSE

1. To promote dignity and professionalism among Service Representatives, individuals and employees.
2. To work together as a team to obtain fair, realistic and consistent office standards and policies throughout BellSouth.
3. This Statement of Purpose will result in maximum benefits to our customers, Service Representatives, Communications Workers of America and BellSouth.

REF
Pg. 12

Florida-New monitoring equipment installed. It is transistorized and you don't have to be in the monitoring room. It looks like a necklace and a little piece fits in the ear. You can also push a button down and record the conversation. That equipment is in the monitoring room.

South Carolina-Forecasting over estimated access line gains so we didn't make the objective for the year. Also call flow is down considerably this year.

Atlanta-600 Service Reps are housed in one building. Waiting to see how the down grade affects us. All but two offices are back to universal. Are going to cut over to big switch soon. Have been told we will have a new appraisal plan. Sales will be the priority item. Collection and service will take a back-seat to sales. We have implemented a 4 day work week. 8:00AM to 6:00PM for 3 days a week and 8:00AM to 4:30PM on the 4th day. This is in Final Accounts only. Good results for collection as calling late in the day enables us to catch more people home. The girls seem to love it.

UPDATE PER STATE

REF-27
Pg. 13

Louisiana-Still having problems with sales and point credit. Desparity of treatment between departments causing morale problems.

Alabama-Discontinuing individual sales objectives in RTOC for the state. Good cooperation between the RTOC Operations Manager and the Union. RASC- has not been as positive. The RASC Managers has raised the objective. Still cheating. Gave example of two supervisors work groups being given clearance to issue orders before the conversion date to allow the managers to meet his monthly objective.

Alabama RASC-Still a lot of cheating. Objectives are being made but the customers are not being contacted on the sales as they are put on the records. In Huntsville, Assignment is Canvassing.

Jacksonville-Brought a tape from the company. In it, it shows a Service Rep who won a bedroom set. We are implementing the collector group in January. Same old problems in sales. Threats to start four step discipline for low sales. Quotas are being raised, not lowered. "Telstars" are being contracted out by an independent company and are typed into the system. Repair is selling too and really racking up on sales.

Kentucky-The things are about the same. The Company has backed down a bit on discipline but other than that nothing else has changed. Cheating is worse than ever, but the Company is refusing to let us have access to the records we need.

Tennessee-About the same. Discipline also on hold. Sales quotas still fluctuate. A new machine will even be installed which monitors the access lines. Telsam complaints are starting to show up on the reports for fraudulent sales. Still have people out on benefits for stress and nerves. Lots of requests to move to other departments.

North Carolina-Brought copy of the Telsam report to show problems in sales and collections. Of course, when results go down, discipline goes up. I feel my manager is treating me differently since going on the committee. Taken closed time away from me and don't talk to me now. Cheating is still bad but cheaters are protected by management because they want to use the good sales generated by the cheaters to run the sales quotas up. This makes other people work harder.

Atlanta-Still having problems with cheating. One Service Rep who cheated by going in with I3 instead of I1 on every order has been promoted. Cheating was looked at like "mistakes".

South Carolina-Cheating still bad. Have a copy of the disclosure statement that has been put in everybody's personnel file. Service Management obligations have been increased. Also have a new District Manager. A Lady. She has given me assurance that she will strive for uniformity in the state, but it has not been true so far, because of the way vacations are being handled. Same goes for back-out time. Have make-up time and pass out "Monopoly" cards for this. You can take these cards and use to cover a tardy or get a day off. This is done differently on a per office basis too.

SERVICE REPS MEETING

DAY 3

REP-27
Pg. 14

The general consensus of all who participated in yesterday's meeting was that it proved to be very productive.

We all felt that management had been expecting a general "bitch session" rather than a group of well prepared professionals who were able, not only to discuss, but present documentation of facts in all areas.

Most of the day was spent on preparing statements to be sent to the locals.

A survey will be mailed to all locals to return to staff for a more fair representation of all 9 states and the many different service rep work groups.

Jim advised us the next meeting will allow management equal time to rebutt and hopefully will allow us to turn our attention to some workable solutions to yesterday's problems. If time allows we will also try to cover another major problem, monitoring.

REP-28
R1

SIDNEY J. WHITE, JR.
General Attorney

Southern Bell Telephone
and Telegraph Company
Suite 400
150 South Monroe Street
Tallahassee, Florida 32301
(404) 529-5387

FILE COPY

August 17, 1993

Mr. Charles J. Beck, Esq.
Deputy Public Counsel
Office of Public Counsel
c/o The Florida Legislature
Room 812
111 West Madison Street
Tallahassee, Florida 32399-1400

RECEIVED

AUG 18 1993

Office of
Public Counsel

RE: Docket No. 900960-TL

Dear Charlie:

Enclosed are the original and one copy of Southern Bell Telephone and Telegraph Company's Response to Public Counsel's Fourth Set of Interrogatories dated July 13, 1993 in the above-referenced docket.

A copy of this letter is enclosed. Please mark it to indicate that the original has been received and return the copy to me.

Sincerely,

Sidney J. White Jr.
(101)

Sidney J. White, Jr.

cc: All Parties of Record
A.M. Lombardo
H.R. Anthony
R.D. Lackey

REF-28
Pg. 2

Southern Bell Tel. & Tel. Co.
FPSC Docket No. 900960-TL
Citizens' 4th Interrogatories
July 13, 1993
Item No. 12
Page 1 of 1

REQUEST: The Company's response to Citizens' 35th POD, item number 499, Docket 920260-TL, indicated that the Company had produced all of its documents in Atlanta, Jacksonville and Ft. Lauderdale regarding the December 8, 1987 joint meeting between CWA and BellSouth in Atlanta. Item number 504 of the same POD indicated that the company had already produced all of its records relating to cheating, falsification of records, fraudulent sales, assumptive sales, or creative sales by Company employees from December 1987 to date. Does the Company maintain that it has no records of the references by Company employees regarding cheating in the Business Office as part of the December 8, 1987 meeting?

RESPONSE: At the time of the Company's response to Item Nos. 499 and 504, Southern Bell had no records of references by Company employees made during the December 8, 1987 meeting regarding purported cheating in the business office.

RESPONSE PROVIDED BY: Laura Summers
6451 N. Federal Highway, Room 1113
Fort Lauderdale, Florida 33308

REP-28
P. 2

Southern Bell Tel. & Tel. Co.
FPSC Docket No. 900960-TL
Citizens' 4th Interrogatories
July 13, 1993
Item No. 13
Page 1 of 2

REQUEST: Please state the names of all BellSouth management and craft personnel, including their current titles and work location, who attended the meeting on December 8, 1987, which was referenced in Citizens' 35th POD, item number 499.

RESPONSE: The following persons attended the meeting:

Paula Spuryer, Maintenance Adm.
4960 Black Rd.
Memphis, TN 38117

Frances Amerson, Service Representative
5900 Rivers Ave., Room 103
Charleston, SC 29405

Shelba Hartley, Service Representative
301 W. Bay Street, Room 13JJ1
Jacksonville, Florida

Kay Quinn, Service Representative
4100 S. Stream Bl., Room 420
Charlotte, North Carolina 28217

Ann Leavitt (Retired)

Thelma Roberts (Retired)

Calvin Patrick (Retired)

Jo-Ann Streeper, Service Representative
901 Hugh Wallis Rd., Room 210
Lafayette, LA 70508

Jim Smith (Jimmie), Repair Service Attendant
3100 Emerson St., Room 219A
Jacksonville, FL 32207

REP-28
Pg. 4

Southern Bell Tel. & Tel. Co.
FPSC Docket No. 900960-TL
Citizens' 4th Interrogatories
July 13, 1993
Item No. 13
Page 2 of 2

Dennis Allen, Assistant Vice President
1926 Campanile
1155 Peachtree St., N.E.
Atlanta, Georgia

Bruce Bursi, Manager
3535 Colonnade Pkwy., Room S4D1
Birmingham, Alabama

Janice Haney (Retired)

Bobbie Sims, Manager
10 S. Academy St., Room 200
Greenville, SC

Dick Unkenholz, Manager
3535 Colonnade Pkwy., Room South S6D1
Birmingham, AL

Cathy Snyder, Manager
5147 Peachtree Ind Blvd
Room A-48
Chamblee, GA 30341

Jim Adler - No information on this individual appears in our personnel records.

Jo Ann Smith - Numerous "Jo Ann Smiths" appear in our personnel records. We are continuing our efforts to identify which one of these individuals attended the referenced meeting.

RESPONSE PROVIDED BY: Laura Summers
6451 N. Federal Highway, Room 1113
Fort Lauderdale, Florida 33308

REP-28
Pg. 5

Southern Bell Tel. & Tel. Co.
FPSC Docket No. 900960-TL
Citizens' 4th Interrogatories
July 13, 1993
Item No. 14
Page 1 of 1

REQUEST: Does the Company agree that it has no written record of the above meeting referenced in Citizens' 35th POD, item number 499, and that it took no formal action as a result of the comments made by the Service Representatives who participated? If not, please describe in detail what actions the company did take regarding the allegations of fraudulent sales practices which were made at the meeting.

RESPONSE: The Company has a Company written record of the meeting in question. No allegations of fraudulent sales practices were referred to in that document.

RESPONSE PROVIDED BY: Laura Summers
6451 N. Federal Highway, Room 1113
Fort Lauderdale, Florida 33308

REP-28
P 36

Southern Bell Tel. & Tel. Co.
FPSC Docket No. 900960-TL
Citizens' 4th Interrogatories
July 13, 1993
Item No. 15
Page 1 of 1

REQUEST: Since one of the participants regarding fraudulent sales activities in the December 8, 1987 meeting referenced in Citizens' 35th POD, item number 499, was from Jacksonville, please describe what specific actions, if any, were taken by the Florida management team to deal with allegations of cheating in Florida?

RESPONSE: See response to Item No. 14.

RESPONSE PROVIDED BY: Laura Summers
6451 N. Federal Highway, Room 1113
Fort Lauderdale, Florida 33308

REP-28
Pg. 7

Southern Bell Tel. & Tel. Co.
FPSC Docket No. 900960-TL
Citizens' 4th Interrogatories
July 13, 1993
Item No. 16
Page 1 of 1

REQUEST: Please describe the Company's interpretation of existing Executive Instructions regarding how management should deal with allegations of fraud or cheating in the work place.

RESPONSE: While the existing Executive Instructions do not expressly address the specific subject matter referenced in this Interrogatory, other Company documentation does address business ethics issues, including the specific subject matter referenced in the Interrogatory. Pertinent portions of such documentation, which is found in the Human Resources Guide (formerly the Personnel Policy Manual); A Personal Responsibility; the Discipline/Customer Acceptance Coverage; the BellSouth Code of Ethics; and Form RF5855, are attached to this response.

RESPONSE PROVIDED BY: Laura Summers
6451 N. Federal Highway, Room 1113
Fort Lauderdale, Florida 33308

REF 8
P. 8

Southern Bell Tel. & Tel. Co.
FPSC Docket No. 900960-TL
Citizens' 4th Interrogatories
July 13, 1993
Item No. 17
Page 1 of 1

REQUEST: Please describe the Company's interpretation of the Executive Instructions which were effective during December 1987 regarding how management should deal with allegations of fraud or cheating in the work place.

RESPONSE: While the Executive Instructions which existed during December, 1987, did not expressly address the specific subject matter referenced in this Interrogatory, other Company documentation did address business ethics issues. Pertinent portions of such documentation, which is found in the Human Resources Guide and in A Personal Responsibility, are attached to this response.

RESPONSE PROVIDED BY: Laura Summers
6451 N. Federal Highway, Room 1113
Fort Lauderdale, Florida 33308

REP-28
Pg. 9

Southern Bell Tel. & Tel. Co.
FPSC Docket No. 900960-TL
Citizens' 4th Interrogatories
July 13, 1993
Item No. 18
Page 1 of 1

REQUEST: Was the handling of allegations of fraud and cheating in the business offices in Florida made by Shelba Hartley on December 8, 1987 during a joint meeting between Southern Bell Management and CWA representatives handled in accordance with the Executive Instructions existing at the time? Please explain your answer.

RESPONSE: The Company records of the December 8, 1987 meeting do not reflect that any allegations of fraud or cheating in Florida business offices were made by Shelba Hartley.

RESPONSE PROVIDED BY: Laura Summers
6451 N. Federal Highway, Room 1113
Fort Lauderdale, Florida 33308

STATE OF GEORGIA
COUNTY OF FULTON

BEFORE ME, the undersigned authority, personally appeared
BARRY E. GUY, who being first duly sworn deposes and says:

That he occupies the position of Staff Manager, Regulatory
and is the person who has furnished answers to these
interrogatories and further says that said answers are true and
correct to the best of his knowledge and belief.

WITNESS my hand and seal this 13th day of AUGUST,
A.D., 1993.

Signature Barry E. Guy

Edtraud M. Salas

Notary Public

State of Georgia

My Commission Expires:

January 14, 1997

copy:
Thompson

Item 44
PER-29
P. 1
MAY 1993
RECEIVED

File Code: 440.0000

May 24, 1993

MEMORANDUM

TO: W. G. Dresser - General Manager - Customer Services, FL
F. C. Feagin - General Manager - Customer Services, AL/MS
T. C. Fletcher - General Manager - Customer Services, LA
C. D. Irby - General Manager - Customer Services, TN/KY
J. A. Saffell - General Manager - Customer Services, GA
L. E. Spradlin - General Manager - Customer Services, NC/SC

FROM: Flo Thompson - Assistant Vice President, Customer Services

SUBJECT: Amended Discipline/Customer Acceptance Coverage

On April 14, 1993, we provided information regarding our position on customer acceptance for each item of service offered by BellSouth. Included in that information was a sample 3181A form entry and supervisory notes.

Although the package had been approved by Headquarters Labor Relations and Legal and our position is clearly stated on page 2 of the document, concern about the clarity of the wording of the supervisory notes has now been expressed. Specifically Labor Relations feels our employee coverage should state that we consider failure to gain the customer's acceptance a serious offense and violation of this policy may result in termination without previous counseling, warning, or suspension.

Attached is a new package which includes the revised supervisory notes. This is the only revision from the original document. There was some discussion of the 3181A entry but no changes were made in the wording of the entry. Although the new supervisory script should be used for all future coverage, it is not necessary to re-address this issue with any employees for whom coverage is complete.

Questions regarding this matter may be referred to Joyce Savage on 404/529-5133 or you may reach me on 404/529-7486.

We apologize for any inconvenience this change may have caused.

Attachment

cc: J. North J. Funderburg J. Barnes
P. Donald J. Costas A. Moseley

EXCEPTIONS TO THE FOUR PROGRESSIVE DISCIPLINE STEPS

Section 6.6 of the Human Resources Guide provides information regarding non-management discipline. To ensure employees have a reasonable number of opportunities to correct problems before demotion or discharge, the company basically adheres to a progressive, four step disciplinary process; (1) Counseling, (2) Warning, (3) Suspension, (4) Discharge.

The Guide also states, the four progressive discipline steps do not have to be followed rigidly in all cases. The number of steps may be increased or decreased, depending on circumstances. While circumstances vary, the keys to disciplinary decisions include reasonableness of our expectations and prior documented notice of offenses considered extremely serious by the company.

Examples:

- A. When an offense is so serious that a reasonable sense of moral or social value should have made the employee aware of its gravity and aware that a serious penalty would likely result, suspension or dismissal may be proper without previous counseling or warning. Examples include theft, gross insubordination, etc.
- B. When an offense is considered to be extremely serious by the company, but the employee could not reasonably be expected to realize its gravity, a serious penalty should not be considered as justified until the employee has been given specific notice as to the seriousness with which the company views the offense. If an employee has been given such advance notice, however, a serious penalty may be imposed following the first offense. (Examples: secrecy of communications, misuse of toll facilities, etc.)
- C. If an employee improves his or her performance to a satisfactory level following the application of one or more steps of progressive discipline but later relapses into unsatisfactory performance, the steps may be repeated altogether, in part, or not at all--depending, on the circumstances of the case. If several years of satisfactory performance precede the relapse, it might be quite proper to start over completely; however, if the period of time is only a few months, it may be proper to skip the steps previously used. The "rule of reason" should dictate what course to take in such instances. Consultation with representatives from Employee Relations is recommended when the supervisor is in doubt about the proper course of actions.

REP-29
Pg. 3

It is our position that all items of service, with or without an associated charge, placed on a customer's record must be negotiated and agreed to by the customer. Failure to gain the customer's acceptance for such items will be considered an extremely serious offense by the company. To assure all employees are aware of this policy, the attached sample "A" Form entry and supervisory coverage instructions have been approved by Headquarters Labor Relations and Legal. Headquarters Labor Relations will notify Human Resources operations managers in the states of this coverage. After an employee is covered and the "A" Form entry is made, any violation of this policy may result in termination without previous counseling, warning, or suspension.

REP-29
Ps. 4

SAMPLE 3181 A FORM ENTRY

Following is wording for a 3181 A Form entry to be placed in the personnel file of each employee in the Customer Services organization who negotiates service orders with customers of BellSouth. Supervisory notes to assist in coverage of the entry follow the sample entry.

SAMPLE ENTRY WORDING: FORM 3181A

ADVISED (EMPLOYEE'S NAME) EACH ITEM OF SERVICE, WITH OR WITHOUT CHARGE TO THE CUSTOMER, MUST BE NEGOTIATED WITH THE CUSTOMER AND CUSTOMER ACCEPTANCE OF EACH ITEM MUST BE OBTAINED PRIOR TO RELEASE OF A SERVICE ORDER.

SUPERVISORY NOTES

REP-27
Pg. 5

A face to face meeting to explain the addition of the above entry should be conducted with each employee in the Customer Services department who negotiates service items with customers of BellSouth.

Following is a script which may be helpful to you during the meeting:

The BellSouth Code of Conduct states, "We are committed to the highest ethical standards because we want people to know they can count on us. This commitment flows naturally from our responsibility to our customers, our owners, our vendors and suppliers, our families, the communities where we live and work, and to each other. Trust is at the heart of these connections, and trust can be built only on honesty and dependability - on ethical conduct.

Our first responsibility is to the people who count on us for their telecommunications needs. We will deal with customers' straight forwardly and honestly. They will know they can depend not only on our products and services, but on our word and character."

Living our code of conduct means consistently negotiating honestly and openly with every customer in every transaction. Certainly this includes service order negotiations. To assure every employee has a clear understanding of the intent of our code, we are holding meetings with each employee who negotiates items of service with customers and issues service orders to advise such employees of the following:

All items of service, with or without charge to the customer, which are offered by BellSouth must be negotiated and accepted by the customer prior to release of the service order. This includes, but is not limited to, entry of items such as custom calling features, non-pub/non-list number service, calling cards, etc. Failure to gain the customer's acceptance for such items is considered a serious offense by the Company. Any violation of this policy may result in termination without previous counseling, warning, or suspension.

As documentation of our meeting today a notation has been made on Form 3181A. (Show employee the entry and allow time to read) You may affix your signature and date acknowledging you have read the notification.

(NOTE: SHOULD THE EMPLOYEE REFUSE TO SIGN THE NOTIFICATION, THE SUPERVISOR SHOULD WRITE "DECLINED TO SIGN" AND THE DATE OF COVERAGE FOLLOWING THE LAST WORD OF THE ENTRY.)

Do you have any questions?
Thank you for your attention.

STATEMENT OF RAY MELESKY

B.1

REP-30

Mr. Bob Butterworth
Attorney General's Office
The Capitol
Tallahassee, FL 32399

Mr. Attorney General:

This letter is pursuant to charges already set in motion by you against Southern Bell telephone. First off, the validity of my charges will be denied by them being that I am a disgruntled former employee by my own admission, but they are nonetheless extremely valid. The charges you are bringing against the company now, that services are added to customers' accounts without their knowledge, is given as the reason that I was dismissed. This is far from the truth. The fact is, I was disgruntled about lack of movement or promotions available in the company and voiced my opinions within the company about it. The charges you bring are true in that these actions are done by company employees, but are supposedly not condoned by the company. This would on quick examination appear true, but on close investigation, coercion or something on that order is the actual cause.

It seems apparent to me that the company attempts to show that they are doing something about the problem of employees adding services to customers' accounts by firing the people found doing it. This is not always the case, often the people fired are the ones with "bad" attitudes and most likely to speak out against the sales program which subtly promotes these actions. The company fears these so called "bad apples" are undermining the morale of the other service reps around them by complaining or refusing to adhere to the sales program the company crams down their throats. This "sales program" purports to have the sales rep use probing questions to find customers needs for services. All reps had been warned a thousand times not to add services to customers accounts without their approval. On the other hand, there is a dollar figure sales "objective," their name for a quota, that must be met by all service reps and outside techs each month. While nobody has been fired for not "selling" the required quotas, there are other means as I'm sure you can imagine, of dealing with the people who don't meet their "objective," or worse, complain about it. It is made extremely clear that the employee will have no future, chance for advancement, or even fair treatment from management, if they don't meet company "objectives."

The actual way to solve this problem would be to look up records of service orders for installations on all the customers who have services they supposedly didn't request. The offending service rep's code is on each of these orders. While difficult and time consuming, this can be done, but I'm sure the company would do anything to avoid this costly process, including sacrificing the careers and futures of a few malcontent "bad apples." Also the news that money can be had will bring all the rats out of the woodpile, meaning that many people are calling in claiming to never have been aware of services on their line just to receive a nice fat check. Their word can't really be disputed, to them it's free money. This would unfairly make the service reps the falsely accused bad guys. Conversely,

this type of investigation would also show that many of the offending service reps were those presented by the company to be their best sales people, many of whom consistently exceeded their imposed "sales objectives" by thousands of dollars every month. While Southern Bell claims to have no knowledge of this practice, it's beyond belief that no investigation was ever done as to how or why these same service reps consistently exceeded the figures of most other reps by thousands of dollars every month. Also service reps are rewarded monetarily and otherwise for their sales production. The actual dollar amounts of these awards would shock anyone. This would also seem to be a very serious and possibly the most prevalent motivation to "cheat" at sales. But I honestly think that threatening to completely stifle a persons' career future is the most serious cause of the problem. This is a fact and I doubt legal. While I managed to meet the imposed "sales objectives" without cheating in any way, the reason this problem exists is that this pressure applied to reps is very real, and causes many to do whatever they see necessary to survive in this boiler room atmosphere. I was vocal about my displeasure with being expected to deal with customers like a robot. I complained about quotas in general when the incoming calls to reps are totally at random and can in no way be expected to be consistently sales producing. I imagined internal complaints would be answered fairly and be considered. Nothing could be further from the truth.

This "quota" or "sales objective" method of sales production along with several other "pressure techniques" have already been outlawed in several other states, including California, that I have heard. While still being legal here, the potential for misuse or coercion by the companies using it, is the reason it is illegal elsewhere and should be outlawed here. There is another company activity that is also highly questionable which I made the mistake of criticizing vocally. This is their practice of listening in on conversations with customers without the customer having any knowledge of somebody else listening. I can see the logic in this to measure the progress of adherence to their methods of leading the conversations and "selling." But the customer never knows the conversation is being listened to by management and may, and have, on occasion said something legally incriminating or just plain embarrassing. Isn't that wire tapping, or I guess that's just my understanding of the law. I thought if any party is being listened in on without a court order or their knowledge over the phone, it constituted wire tapping. I can tell you this is a constant pressure applied to service reps and greatly adds to the stress of any job.

Of prime importance in these charges is discrimination of specific groups of customers in regards to them accepting services on their lines. I speak specifically of Haitians and welfare mothers. A random survey of Haitian accounts with an interpreter, would show that a great many of them have six or seven services on their lines. Whether they know about them or even understood the installation conversation is highly doubtful. It is well known amongst service reps that Haitians will say yes to almost any questions during the conversation if it will help get them phone service. I have seen and overheard many orders being taken in this manner. While this might be legal, coercion is once again present, these people are being taken for alot of money because of their lack of understanding of English. A random survey of a few hundred Haitian people with the last names of Joseph or Pierre, for instance, would confirm this pattern. Once again,

while not being condoned by the company, the knowledge that it happens very frequently is absolutely there. Also in this group of "target" customers are the people least likely able to afford extra services, mothers living on AFDC (aid for dependent children). These ladies don't have the communication problems, but instead know from talking amongst their friends and acquaintances, that the more services they agree to accept on their account, the less likely their credit information will be examined for false information, thereby easing the process of getting phone service. They are well aware from word of mouth, that service reps will bend over backwards to get their order through the system with the high dollar sales on it. Meanwhile, the basic service part of their bills is fifty or sixty dollars alone every month. These groups of people, while maybe not being given anything they weren't advised of, are still not being given fair and equal treatment and can least afford the added cost of these services. They have in most cases, decided that having any phone service at all is worth whatever it costs. With random surveys of different types, with an interpreter, these patterns can be verified and proven. If there was a way to question service reps without them feeling in any way that they would be identified, this could be corroborated as common practice amongst some of them. But Southern Bell pretends to show the public that they are doing something about the problem by firing the "so called" offenders, when in reality all they are doing is cleaning house of all the malcontents that have the nerve to speak up about the real problem, the pressure applied by management to drive sales figures.

My motivation in bringing out this information does not gain me anything. My intended career and professional future seems to have been ended in a greatly unfair and possibly illegal way. Now Southern Bell is choosing to dispute the payment of my unemployment benefits and at this point, I don't feel I have much to lose. Also I am sick about being treated like this when all I wanted from them was a fair chance at a challenging job. I tried speaking out internally about my complaints but instead of either getting a good explanation or being pulled aside and warned to keep quiet or whatever, I was dismissed, supposedly for misconduct. I tried to use the union complaint procedure to resolve the matter but the hearing was postponed so many times I have grown frustrated and feel no options are available to me any more.

Sincerely,

Ray Melesky

cc: Bob Butterworth
George Hannah
Vicki McCash
Linda DeBartolo
Miami Herald

Disciplinary Actions

	NC	SC	GA	FL	AL	MS	KY	TN	LA	TOTAL
1991 (Last half)										
Warning				3						3
Suspension	1			2						3
Termination	2	2		1				3		8
Overtured	1							2		3
Total Upheld	2	2	0	6	0	0	0	1	0	11
1992										
Warning	1			3	1		3	4	5	17
Suspension	1		4	8	1			1	1	16
Termination			5	10	1			2		18
Overtured			4	4	1			1	1	11
Demoted								1		1
Total Upheld	2	0	5	17	2	0	3	7	5	41
1993										
Warning				4					1	5
Suspension				2						2
Termination			1	3						4
Overtured										0
Total Upheld	0	0	1	9	0	0	0	0	1	11
TOTAL										
Warning	1	0	0	10	1	0	3	4	6	25
Suspension	2	0	4	12	1	0	0	1	1	21
*Termination	2	2	6	14	1	0	0	5	0	30
Overtured	1	0	4	4	1	0	0	3	1	14
Demoted	0	0	0	0	0	0	0	1	0	1
Total Upheld	4	2	6	32	2	0	3	8	6	63

30 77

*1 mgmt

REPORT PREPARED 4-93

NAMES IDENTIFIED IN DISCIPLINE

REP-31
Pg 2 OF 2

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STATEMENT OF BARRY UNGER GIVEN TO R. E. POUCHER, OFFICE OF PUBLIC COUNSEL, October 25, 1992

My name is Barry Scott Unger. I live at 5441 N.E. 6th Ave., Ft. Lauderdale, Fla., zip code 33334. I am 35 years of age.

I was employed by Southern Bell on June 11, 1992. Before going to work for Southern Bell, I was employed by the City of Boca Raton Police Department where I worked as a dispatcher.

Prior to working with the City of Boca Raton, I worked at New York Telephone Company for 8 years where I was a Customer Service Representative for four years and a frame administrator for four years.

I started work for Southern Bell in June 1992, in training as a Customer Service Representative. I completed initial training in August 1992 and I was assigned to the Ft. Lauderdale business office.

My supervisor was Lori Larson and my manager was Ruth Ann Woodbury. I was terminated on January 28, 1993 for gross misconduct and I currently have a arbitration case that is pending, challenging the termination.

Southern Bell is saying that on an order for new service I added Call Return. I was observed on one order by Lori Larson. I believe I made a mistake, but Southern Bell thinks otherwise. I was observed on 63 contacts in a row three weeks later. They claim they pulled 25 orders and on one they said the customer didn't order a calling card and another person said they didn't remember ordering the calling card or the wire maintenance plan. They were calling on my September and October sales in January, and the customer didn't remember.

I don't believe the reason they gave me is the reason that I was fired. The company wanted a scapegoat, because of the investigations. I wasn't making my objectives in sales. In the beginning, I was doing o.k. in sales, but I failed in November and December. The objective was \$5700 in monthly revenue for outstanding, \$5000 was o.k., and I was selling around \$4200.

Another reason why I think they were just looking for a scapegoat is that Lori didn't even mention her observation until she came back to me 10 days later.

I had two letters in my file from customers for good service and I had received two oral commendations. Other than sales I had no problems in quality of service. My quantity of sales was not acceptable, but they never wrote my up and they only told me I

could do better than that.

I was required to bridge over to sales on every single contact. I was given no choice.

The first priority of the company in Customer Services is sales. The second priority is service. Sales was number one, and they were very worried about competition. They were emphasizing that we had to make full disclosure, but we were not encouraged to reveal any of the limitations on the services we were selling. For instance, a customer who wanted Caller I.D. would not be told that it wouldn't work on a caller from New York or Tallahassee. The company didn't want you to explain how to use it. They just wanted us to sell and not go into the details. The only details they wanted was what was required by the Attorney General.

Language barriers were a problem in Ft. Lauderdale. You could give full disclosure and they would just say, "Yes, yes, yes." Spanish language was only offered in Miami. Some of the representatives would take advantage of this and sell them everything.

I was aware of this because I handled a lot of callbacks when customers were actually oversold. This would happen when the customer got their itemized bill and realized what had been put on their service.

At least once a day I would get a customer on the line who would start out by saying, "Don't try to sell me anything." A lot of customers didn't like the way we pushed sales.

We were required to get the customer's consent before we bridged during the last couple of months of 1992, but not before that. The only way I could make my objective was to take advantage of customers. The high sellers do that, or worse, but they're helping the managers to make their objectives.

I was beginning to question the company's position on sales pressure. I was expressing reservations about their policies among my peers in the break room. And I believe that is why I was terminated. Before I was fired I never had a "B" form or any discipline. In New York Telephone, I had been rated above satisfactory and was never disciplined.

I believe that the company used the ethics charge to terminate me and that this was the easiest way for them to do it, but they really didn't want me because I was unwilling to take advantage of customers in the sales process.

EXHIBIT NUMBER _____

DOCKET NO. 900960-TL

OPC WITNESS: POUCHER

REP. -34, Pg. 1 of 2

**SUMMARY OF NORTH FLORIDA SECURITY INVESTIGATION
SALES REFERRAL PROGRAM
11-3-90**

[THIS SUMMARY PREPARED BY PUBLIC COUNSEL]

1. Three employees were terminated in Orlando because of falsification of sales for Inside Wire Maintenance in October 1990. Following those terminations, eleven employees were investigated due to an audit program that identified them as high sellers of the Inside Wire Maintenance Plans. (Pg. 1)
2. A statistical sample consisting of 50 sales per each person audited revealed that only less than half of the sales could be confirmed by subsequent contact that the customer was aware of the service. (Pgs. 3-7)
3. The highest percentage of customers that were not aware of the Maintenance Plans included on their bills was 72%. These sales were made by an employee who had reported 1035 sales. (Pg. 3)
4. The North Florida Network Sales Coordinator was aware of a 1988 letter to the South Florida General Manager from the I&M Staff Manager stating that he did not believe boiler rooms were operating in Florida and they had never been sanctioned. She was also gave out copies of a 1985 letter discouraging boiler room sales. (Pg. 9) She was aware of the volume of sales in Orlando compared to other areas.
5. The North Florida Network Sales Coordinator received complaints from the business office from 1986 through March 1990. She referred the sales complaints to the managers, stating, "It is not my understanding that my responsibilities included assuring the validity of the individual sales." (Pg. 49) She received complaints regarding Orlando Network sales in 1987, 1989 and 1990 and referred them to the Orlando Manager for handling. She received no feedback (Pg. 9)
6. The N.F. Sales Coordinator received a call from Southeast Customer Services in 1989 regarding 500-600 sales that appeared to be questionable. She discussed it with her manager and referred it to local management for handling. She did not follow up. (Pg. 50)
7. The N.F. Sales Coordinator reissued instructions to the field after the Southeast complaint to refer sales to Dial America in Atlanta for processing, even though she was aware that Dial America did not confirm the sale with customers. (Pg. 50)
8. The Network Manager, I&M Staff in North Florida received reports from two locations in 1989 regarding questionable sales by David Bailey in West Palm Beach and referred the matter to Butch Olsen, Bailey's Manager. (Pg. 51) He never followed up. (Pg. 52)
9. Both Sand Lake and Orlando operations used full time personnel (boiler rooms) for sales in 1988. (Pg. 11)
10. The Orlando Operations Manager from Sept. 1987 to May 1989 had always used boiler rooms for sales and encouraged it in Orlando. (Pg. 35.) In May 1989 he was notified in writing by the Orlando Customer Services Manager of a list of questionable sales. One employee identified was induced to resign. He stated, "In retrospect, we

should have had better controls." (Pg. 37)

10. The Operations Manager who took over in Orlando in June 1989 received complaints about questionable sales in the Fall of 1989 and again in March 1990 and May of 1990. In the first two cases he referred the complaints to the Manager. The final complaints were referred to Security. (Pg. 15)

11. The Orlando Operations Manager was aware that both I & M managers and IMC managers had "boiler room" operations. (Pg. 13)

12. The Systems Administrator in Orlando stated, "As Division Coordinator I was not charged with the responsibility to monitor the sales for legitimacy or to conduct periodic audits. He received complaints in 1988 and 1989 and referred them to the managers involved and never followed up. (Pg. XXX)

13. The Administrative Support Manager-I&M in Orlando received a list of 20 names of subscribers who complained that services had been added without their authorization. (Pg. 12)

14. The Network Manager-IMC, Orlando stated they evolved into a "boiler room" operation in order to be competitive with others.

15. Sales time was charged to 548R (buried drop work) and 248R (aerial drop work). This employee spent 80% of her time on sales. (Pg. 60)

16. The sales time was charged to account 5532, Miscellaneous Meetings per the Manager-Network. (Pg. 47)

17. Sales time was charged to 548M (buried drop work) (Pg. 63) and 80% to 90% of her work was on sales. (Pg. 62)

18. I was never given any instruction or direction concerning the sales program...and I did not investigate the operation. (Pg. 17)

19. I have never been given any instruction on how to run a sales program. (Pg. 24)

20. I never thought about spot checking by calling some of _____'s sales. (Pg. 28)

21. I was not given any instructions to follow-up on any of her sales. (Pg. 32)

22. In retrospect, obviously the sales program should have been better supervised. (Pg. 33)