

MEMORANDUM

June 22, 1998

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF LEGAL SERVICES (PELLEGRINI) 

RE: DOCKET NO. 971493-TI - Initiation of show cause proceedings against All American Telephone, Inc. for violation of Rule 25-4.118, F.A.C., Interexchange Carrier Selection.

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Attached is a **LETTER FROM ALL AMERICAN TELEPHONE, INC. (SETTLEMENT OFFER DATED 6/19/98)**, to be filed in the above-referenced docket. (Number of pages in letter - 2)

CJP/slh  
Attachment  
cc: Division of Communications

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AFA \_\_\_\_\_  
APP \_\_\_\_\_  
CAF \_\_\_\_\_  
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FISC RECORDS/REPORTING

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June 19, 1998

VIA FAX AND OVERNIGHT MAIL

Charles Pelligrini, Esq.  
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LEGAL DIV.

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MAIL ROOM

Re: Docket No. 971493-TI - In re Initiation of show cause proceedings against All American Telephone, Inc. for violations of Rule 25-4.118, F A C Interexchange Carrier Selection

Dear Mr. Pelligrini:

On March 9, 1998, I sent to your office a letter setting forth a comprehensive offer to settle the above-captioned show cause proceeding which had been initiated against my client, All American Telephone, Inc. As you will recall, that proposal consisted of several important changes to All American's sales, marketing, and customer verification practices, as well as an offer to pay a voluntary contribution to the State Treasury in the amount of \$18,000. The payment amount proposed was based on a payment of \$500 per closed violation for each of the 37 violations asserted in the Show Cause Order to have been closed by the Commission's Consumer Affairs Division, less the one "violation" which involved the innocent and unintentional transposition of two digits of a customer's telephone number resulting in the wrong customer having its service switched.

Based upon several conversations between undersigned counsel and members of the Commission staff, and following consultation with the management of All American, I have been authorized to submit the following revised settlement offer:

1. Voluntary Payment - All American will make a voluntary payment in the amount of \$32,400 to the State Treasury. That amount represents \$900 per closed violation for each of the 36 "closed" complaints mentioned above. That is an increase of eighty percent per violation over the previous offer. All American proposes to make an initial payment of \$10,800 at the time that the offer is accepted and

Charles Pelligrini, Esq.  
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the show cause proceeding terminated. It would then make monthly payments in the amount of \$3,600 for the next six months.

2. Elimination of Sweepstakes - All American will immediately discontinue all sales and marketing activities in Florida which involve the use of sweepstakes or contest promotions. No contests will be conducted by All American or any of its agents, and no prizes will be awarded to randomly-selected persons. While All American may offer inducements such as free minutes of use or discounts to all customers signing up for its service, it will totally exit the sweepstakes aspect of the business.

This offer, if accepted, would be in settlement of all complaints against All American based upon conduct occurring through the date of settlement. All American believes that this revised settlement offer is fair and equitable to the Commission and to Florida consumers, and it is hopeful that the Commission will find this offer to be acceptable. In considering the size of the voluntary contribution proposed, please note that All American reported intrastate revenues during 1997 of only \$568,650 -- an amount substantially below that reported by any other carrier which has had an offer to settle a slamming-related show cause order approved by the Commission. Moreover, by committing to discontinue all use of sweepstakes promotions in its marketing, All American is attempting to respond to articulated expressions of Commission and Staff concern about such marketing methods.

On behalf of All American, it is my hope that Staff and ultimately the Commission will find this offer to be acceptable and that this proceeding can be terminated by agreement between the parties. If there are any questions regarding this offer, please communicate directly with undersigned counsel for All American.

Sincerely,



Mitchell F. Brecher  
*Counsel for All American Telephone, Inc.*