

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 Docket 990362-TI

3 Filed: November 3, 2000

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6 Initiation of Show Cause Proceeding
7 Against GTE Communications
8 Corporation for Apparent Violation of
9 Rule 25-4.118, F.A.C., Local, Local
10 Toll, or Toll Provider Selection.

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DECLASSIFIED MKS 2-01
CONFIDENTIAL

"CONFIDENTIAL TESTIMONY"

15

DEPOSITION OF WAYNE WEAVER

16

ATLANTA, GEORGIA

17

NOVEMBER 29, 2000

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THE MAROTTE GROUP, INC 00507 JAN 11 8

PSC-RECORDS/REPORTING

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I N D E X

WITNESS: WAYNE WEAVER

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E X H I B I T S

(None were marked.)

P R O C E E D I N G S

1
2 Thereupon,

3 WAYNE WEAVER,

4 having been first duly sworn, was examined and
5 testified as follows:

6 EXAMINATION

7 BY MR. BECK:

8 Q. Hi, good morning. My name is Charlie
9 Beck, and I'm with the Office of Public
10 Counsel.

11 Could you please state your name?

12 A. My name is Wayne Weaver.

13 Q. By whom are you employed?

14 A. By Verizon Communications, formally
15 GTE.

16 MR. WOFFORD: Charlie, I should have
17 mentioned this before, but can we agree
18 that objections to the -- all objections
19 except those to the form of the question
20 are reserved?

21 MR. BECK: Sure.

22 MR. WOFFORD: Sorry.

23 BY MR. BECK:

24 Q. What is your position with Verizon?

25 A. I'm a manager in the internal audit

1 department.

2 Q. How long have you held that position?

3 A. I've been a manager for about 18
4 months now.

5 Q. What position did you hold before
6 that?

7 A. Senior auditor.

8 Q. How long have you worked for Verizon?

9 A. About four years.

10 Q. Do you hold any professional
11 designations?

12 A. I have a master's degree, but no CPA,
13 CIA or any of those.

14 Q. A master's degree in business or
15 accounting?

16 A. It's in accounting with, I guess
17 you'd call it, a minor in internal auditing.

18 Q. Have you been an internal auditor for
19 the entire four years you've been at Verizon?

20 A. Yes.

21 Q. What did you do before that?

22 A. I was an internal auditor with
23 NationsBank.

24 Q. About how long did you do that?

25 A. Two and a half years.

1 Q. When did you receive your master's
2 degree?

3 A. In '94.

4 Q. I'd like to ask you to take a look at
5 the document that begins at Bates stamped page
6 17456 and ending at 17462.

7 A. Through 17462?

8 Q. Yes.

9 A. Okay.

10 Q. Do you recognize that document?

11 A. Yes, I do.

12 Q. Could you just briefly describe what
13 the document is?

14 A. It is a legal memo that we drafted to
15 Thomas Parker who was the associate general
16 counsel at the time related to the Snyder
17 Direct Services service audit review that we
18 performed back in 1998.

19 Q. Does this document summarize the
20 results of the internal audit that you
21 conducted?

22 A. Yes.

23 Q. What was your role in that audit?

24 A. I was the lead auditor, the in-charge
25 auditor on that job.

1 Q. Did you have a number of people
2 working for you in that position?

3 A. Yes.

4 Q. Who was working for you?

5 A. Andrew Timberlake. Yamira Lajara.

6 MR. WOFFORD: Spell that.

7 THE WITNESS: It's Y-a-m-i-r-a

8 L-a-j-a-r-a.

9 Let's see. Susan North. I believe
10 that was it.

11 BY MR. BECK:

12 Q. How did this audit come about; in
13 other words, what caused this audit to occur?

14 A. There were -- it started with a
15 request from our regulatory legal department.
16 I believe the request came through Karen Smith.

17 Q. What was the request?

18 A. The request basically was we've been
19 getting a number of complaints related to
20 different slams from various sources, and they
21 wanted us to do some additional investigations.

22 Q. Karen Smith is a lawyer?

23 A. She's in our regulatory department.
24 She was an AVP, I believe, of our regulatory
25 affairs. I'm not sure what her exact title was

1 at that point in time.

2 Q. Was it the slamming that had been
3 occurring with the use of Snyder people that
4 led to the audit then?

5 A. Snyder was one of the focal points,
6 but we had other telemarketing agencies that
7 were doing -- or were selling long distance for
8 us. Snyder was just one of them, was one of
9 the bigger ones.

10 Q. Were the others audited at the same
11 time that Snyder was audited?

12 A. No.

13 Q. This audit was just focused on Snyder
14 and it's relationship to Verizon. Is that
15 correct?

16 A. Yes.

17 Q. On page 17456, there are six bullets
18 about halfway down. It says: The scope of the
19 review.

20 Could you briefly describe what each
21 of those six bullets are and describe how that
22 was -- how that was part of the review that you
23 did?

24 A. Okay. The sales order processing,
25 basically what we were looking at there was

1 from the point when customer contact was made
2 through the point when Snyder handed the order
3 off to GTE or its affiliates, whoever that
4 would be; that was the main point there. And
5 what we were doing with those customer orders,
6 we were looking for key attributes. We were
7 looking for whether the proper documentation
8 was maintained on file by Snyder. We were also
9 looking at certain dates as well as far as how
10 orders -- when did they start, when they did
11 leave Snyder, when did they leave different
12 places. We were doing a time line on these as
13 well.

14 The next one was the sales
15 compensation plans. We wanted to take a high
16 level overview of the sales comp plans to make
17 sure that there was nothing in the sales comp
18 plans that was really incenting the salespeople
19 to slam customers.

20 The next one was the quality control
21 complaint resolution explanation reporting
22 processes. That was on the back end of their
23 order processing, what controls did they have
24 in place to ensure order quality, order
25 accuracy. Did they have any sort of follow-up

1 processes in place?

2 Q. Would that include whether the
3 signatures on authorizations to change long
4 distance companies were authentic?

5 A. Were they authenticating -- I'm not
6 sure I understand the question.

7 Q. Well, whether the signatures on
8 authorizations to change long distance company,
9 whether those signatures were actually the
10 persons who they claimed to be?

11 A. I don't -- I don't think that's what
12 their department was there to do. I think they
13 were just there to make sure that there was a
14 valid signature, yes. But I don't know if they
15 were looking at it to see if it was that
16 person's actual signature.

17 Is that where you were going with
18 that question?

19 Q. Yes. Let's talk plainly about it.
20 Were they interested in whether some of the
21 signatures on those forms were forgeries?

22 A. Yes, they were.

23 Q. Okay. Was that part of that review
24 or some other part of the review where you
25 looked at that?

1 A. Where we looked at that was mainly in
2 the sales order processing. We wanted to make
3 sure, if it was a signed delivery or if it was
4 a telephone call, that they had a third-party
5 verifier.

6 Q. Go ahead, please.

7 A. The performance monitoring and
8 measurement. This was really internal metrics.
9 How many orders did they bring in? How long
10 did it take to gather those market orders?
11 Which markets they were coming from? Different
12 reporting standards that Snyder was supposed to
13 report to us as GTECC, GTE, whatever.

14 Training, what we wanted to look at
15 here was for human resources. We wanted to
16 make sure that -- one of the big concerns that
17 was raised by our regulatory department was if
18 someone, a sales associate, on the Snyder side
19 was caught, that if they had forged a
20 customer's signature or made up a fictitious
21 customer, how were they dealt with from a human
22 resources standpoint? Were they were fired,
23 basically? What disciplinary action was taken?
24 We wanted to make sure that that was actually
25 occurring and we felt was justified, satisfied

1 us.

2 The training and business ethics we
3 wanted to make sure that in their training
4 materials they were trained on what the
5 regulations were, what were good ethical sales
6 practices and was that covered, basically, in
7 the training materials.

8 And the last one was logical system
9 security, which this is kind of a catchall
10 category to look at their systems and how
11 information flowed from when it came in the
12 door until when it left the door.

13 Q. This letter is signed by Mark R.
14 Smith?

15 A. Yes.

16 Q. Who is he?

17 A. At the time he was the engagement
18 manager on the job, and he was also acting as
19 director for -- we had a director that had just
20 left, and he was about to assume that position.
21 So he was dual rules on their audit.

22 Q. Was he the person that you reported
23 to?

24 A. Yes.

25 Q. How did his responsibilities compare

1 and contrast to yours in the audit?

2 A. Typically a manager on the job has a
3 more high level role on an audit. The
4 in-charge of the audit is there in the field.
5 They are doing all of the work, and they are
6 supervising the other staff members along with
7 performing the test.

8 Q. And that latter aspect was your job?

9 A. Yes, correct.

10 Q. Did you help draft this letter?

11 A. I primarily wrote the letter, yes.

12 Q. So Mr. Smith reviewed the letter and
13 made any changes he might make and then signed
14 it?

15 A. We -- I wrote the original draft of
16 the letter. He did make some changes; and we
17 did discuss any and all changes before he
18 signed it, yes.

19 Q. Were there any meetings with Mr.
20 Parker that you know of where this letter was
21 discussed?

22 A. Yes.

23 Q. Could you describe what those
24 meetings were?

25 A. The meeting was we presented the

1 results of the findings that were contained in
2 this report.

3 Q. Who was present at that meeting?

4 A. The one meeting that I'm recalling
5 was myself, Mark Smith and Tom Parker.

6 Q. Was it after this letter was sent to
7 him or at the same time it was delivered?

8 A. When we delivered the hard copy.

9 Q. Were there any other follow-up
10 meetings other than that one with Mr. Parker?

11 A. Not with Mr. Parker.

12 Q. Okay. Were there follow-up meetings
13 with someone else?

14 A. There were meetings with -- once we
15 had the meeting with Tom Parker, there were no
16 more meetings after that. We put that --
17 basically because of the attorney-client
18 privilege at that point in time that we were
19 under, we left it under his control and he was
20 taking it from there.

21 Q. Did you ever -- subsequent to the
22 meeting with Mr. Parker, did you discuss or
23 present the results of your audit to any other
24 persons at GTE?

25 A. We had -- no.

1 Q. Did you -- after the audit did you
2 discuss what you found with others?

3 A. Yes, we had discussions with other
4 executives.

5 Q. Could you name who they were and when
6 those discussions occurred?

7 A. There was one meeting that I was
8 involved with; and that was myself, Mark Smith
9 and George Wieskopf, and I'm not sure of the
10 last name, but I think it's W-I-E-S-K-O-P-F.
11 He was the vice-president of finance at the
12 time and our main point of contact at GTECC.

13 Q. He was the vice-president of finance
14 at GTECC?

15 A. Yes.

16 Q. And what was --

17 A. I believe that was his title.

18 Q. What was the scope of the discussion
19 that you had with him?

20 A. This was a meeting that we had as
21 part of our typical annual planning cycle, and
22 it was a follow-up for -- I guess it was
23 probably in November, December of '98, that
24 time frame.

25 Q. When you say part of the typical

1 annual planning cycle, what does that mean?

2 A. Throughout the year we have -- our
3 audit department does a risk-based audit
4 approach where we speak with the business units
5 and say what are your riskier bases. These are
6 the different audit segments that we want to go
7 do, the different audits that we want to go do.
8 We present that plan to them, and we discuss
9 what they want to include or what they want to
10 throw out. And one of the items that we did
11 talk about in these planning meetings during
12 this time frame was what, if any, work we were
13 going to be doing relating to Snyder Direct
14 Services.

15 Q. And what was concluded about that?

16 A. At that meeting it was put basically
17 on hold, was the conclusion of any further
18 follow-up work at Snyder was put on hold.

19 Q. Why was that?

20 A. The main reason is our relationship
21 with Snyder was changing and we didn't -- at
22 that point in time, no one knew if we were
23 going to even be able to go back in and review
24 Snyder again. And we would have done something
25 in about a year, or something like that, from

1 the time.

2 Q. Are you familiar with GTE terminating
3 Snyder with respect to foot sales in Florida?

4 A. I know that it happened, yes.

5 Q. Was your meeting with Mr. Wieskopf
6 before or after that event?

7 A. I'm not sure. I don't know exactly
8 when foot sales ended with Snyder.

9 Q. Were there any other follow-ups to
10 this audit other than the audit itself and this
11 meeting with Mr. Wieskopf?

12 A. There was an offshoot of the audit
13 that's mentioned in the report, I believe,
14 related to AFNI financial.

15 Q. Describe that?

16 A. The AFNI audit was -- there were
17 concerns raised during the Snyder audit that
18 orders were going to AFNI, they were getting
19 stuck kind of in what was called the black hole
20 at the time, and they were not getting
21 processed for 30, 60, 90 days. There were a
22 lot of processing delays. And then they would
23 show up at GTE and for various reasons they'd
24 get kicked out, some would get processed. So
25 there were concerns that AFNI was holding up

1 the process.

2 Q. Is AFNI an acronym?

3 A. Yes, it is.

4 Q. What does it stand for?

5 A. I believe it's American Financial
6 Network, Inc.

7 Q. And I'm not -- how were orders
8 getting held up in AFNI?

9 A. My basic understanding of the process
10 flow was Snyder would take their orders, pass
11 them electronically to AFNI who would process a
12 segment of those orders for Snyder, or actually
13 for GTE, take those orders and change them into
14 -- get them into our systems, into the GTE
15 systems. So they were a middle man, basically,
16 between Snyder and ourselves.

17 Q. Could you turn to page 17460 of the
18 letter, which is page 5 of the letter?

19 A. Yes.

20 Q. One of the recommendations that you
21 made as part of this audit was to institute
22 third-party verification for Snyder orders as
23 was already being done in Florida -- or in
24 California. Is that correct?

25 A. That was one of our recommendations,

1 yes.

2 Q. Could you describe the basis for that
3 recommendation?

4 A. When we did the testing in
5 California, we felt that the TPB process, how
6 they had it working at that point in time was a
7 best practice; and we felt that they should
8 mirror that in other regions.

9 Q. How did the amount of slamming that
10 was going on in California compare to other
11 areas?

12 A. I don't recall the actual statistics,
13 but my general feeling is that it was lower.
14 I'd have to go back to that point in time to
15 see what the actual statistics were.

16 Q. Let me direct your attention to under
17 the first bullet on page 17460.

18 A. Uh-huh.

19 Q. This says: We recommend that Snyder
20 begin using this process to verify all field
21 sales based on a cost benefit analysis. Do you
22 see that?

23 A. Yes.

24 Q. What cost benefit analysis were you
25 referring to in your letter?

1 A. The basic cost to implement the
2 recommendation, what would it take to -- I
3 believe, at the time what they were actually
4 doing with their field sales reps, where they
5 had, I believe, several cell phones that the
6 field sales would take with them. They would
7 call a third-party verifier. The third-party
8 verifier, they would hand the cell phone over
9 to the customer, and the customer would talk to
10 the third-party verifier where you would record
11 the call. Now, you'd have the cell phones, the
12 usage, all those kinds of things that would go
13 along with that. There would also be the
14 training and the additional paperwork. So
15 these are the costs that are related to
16 implementing that sort of recommendation.

17 Q. And that process was only being
18 engaged in in California for Snyder sales. Is
19 that right?

20 A. Yes.

21 Q. Have you seen any analyses that
22 determine what the cost of that process was?

23 A. No.

24 Q. You were recommending -- were you
25 recommending, then, that such a cost benefit

1 analysis be undertaken?

2 A. Yes.

3 Q. Do you know what the results of that
4 recommendation were?

5 A. Not at this time, no.

6 Q. Have you known at any time what the
7 results of that are?

8 A. No.

9 Q. Do you know whether the company
10 entered into that cost benefit analysis or
11 completed the analysis?

12 A. Not that I know of at this point in
13 time. Well, not that I know of, period.

14 Q. The cost would be the actual -- you
15 could actually calculate a dollar cost per sale
16 to engage in the third-party verification like
17 was being done in California, couldn't you?

18 MR. WOFFORD: Objection, calls for
19 speculation.

20 Go ahead and answer.

21 THE WITNESS: I would assume that you
22 could do that. I have not seen what
23 Snyder's cost structure looks like. Even
24 during this audit, we weren't privy to all
25 that information. So I don't know that I

1 could give an opinion on that.

2 BY MR. BECK:

3 Q. But your recommendation was that such
4 a study be conducted to determine what that
5 cost would be; was it not?

6 A. Yes.

7 Q. Now, you mentioned a cost benefit
8 analysis. What would be the benefit side?

9 A. The benefit we believed would be less
10 slamming complaints, or less complaints from
11 customer. It's a more secure process, a better
12 controlled process, in our opinion, because you
13 don't have the paperwork having to get passed
14 around.

15 Q. Did you think that third-party
16 verification would eliminate the forgeries that
17 you had been finding in your investigation of
18 Snyder?

19 A. Could you -- I'm not sure I
20 understand the question.

21 Q. Well, there's the benefit, you know,
22 when you look at the cost benefit, the benefit
23 would be valid sales as opposed to invalid
24 ones; would they not?

25 A. Sure, yes.

1 Q. And one of the things you discovered
2 in your audit was that Snyder employees were
3 forging customer signatures; is that right?

4 A. I don't think that we concluded that
5 they were forged signatures. I don't remember
6 drawing those conclusions, not to that
7 strength. I know that we had some letters of
8 agreement that we were concerned -- we had
9 definite concerns about that was the name
10 right, was the name wrong, was it a spouse's
11 name or things of that nature, which I think
12 you could see in the testing. But I don't
13 recall it was coining the term "forged
14 signatures."

15 Q. Did you suspect that there were
16 signatures on -- letters of authorization were
17 being forged?

18 A. My personal suspicions were probably
19 yes.

20 Q. But you're saying you didn't test to
21 see if that was true?

22 A. We tested to see if there were -- if
23 a customer said John Doe, was the signature
24 John Doe. We did not have any way of
25 determining without contacting the customer if

1 John Doe signs his name with a big J or a
2 little J. We couldn't tell exactly if that
3 signature was Mr. John Doe's signature or not.
4 We just knew that there was a signature on that
5 piece of paper. That's all we could determine
6 because we were not allowed to contact the
7 customer directly about their order. We had to
8 look at historical information.

9 Q. So you suspected that there were
10 forgeries being engaged in by Snyder, but you
11 didn't check to see if those signatures were
12 authentic on authorizations?

13 A. I don't know how we could have.

14 Q. How would you determine -- or did you
15 try to determine whether the signatures were
16 actually that of the person whose signature it
17 purported to be?

18 A. Without contacting the customer, I
19 don't think -- I cannot think of a way we would
20 be able to authenticate that signature unless
21 we ask the customer to sign a piece of paper in
22 our presence and then we compared that to the
23 LOA. That's the only way that I could have
24 determined, you know, with reasonable assurance
25 that these two signatures matched; and we did

1 not have the ability to go back to the
2 customers.

3 Q. Okay. So did you or did you not as
4 part of the audit determine whether signatures
5 were authentic on letters of authorization?

6 A. To the extent possible we made sure
7 that they were good signatures, yes.

8 Q. That was one of the items you tested
9 for, then?

10 A. We tested whether there was a
11 signature on the forms, yes.

12 Q. I'm not sure we're getting caught up
13 in semantics or not.

14 MR. WOFFORD: I think you two are
15 talking past each other.

16 THE WITNESS: Maybe I can try to
17 explain a little bit. We are seeing a
18 historical document and that this
19 transaction occurred at a distant location
20 and it has been forwarded from a field
21 salesperson up through the ranks and it is
22 -- we have got a photostatic copy of it
23 sitting in front of us right now when
24 we're doing our testing.

25 And what we can verify at this point

1 in time is we can verify on that sales
2 order, we can see if it says John Doe and
3 then we can see if John Doe actually
4 signed it, we see if he spelled out his
5 name.

6 But without contacting that customer
7 and saying can you send me a faxed copy of
8 your signature or can you come down and
9 sign a piece of paper for me so that I can
10 actually compare it to this historical
11 signature, there's no way that I can
12 authenticate that signature by the
13 definition that I think that you're trying
14 to get at. There was no way for us to go
15 about doing that.

16 I mean, we had one -- one, we had
17 restrictions from both our side and from
18 the Snyder side that were saying that, you
19 know, minimize customer contact at all
20 costs kind of things. And then there were
21 also restrictions from, you know, our side
22 that we needed to get this done within a
23 very short period of time as well.

24 So with all of those constraints, we
25 did what we could do. For those items

1 that we did have as concerns, those were
2 forwarded on to both Snyder and to our
3 regulatory affairs people. And the
4 intentions were for them to go ahead and
5 follow up on any of the ones that we had
6 questions or concerns about.

7 Now, if they subsequently contacted
8 customers and they were asking for
9 independent verification of their
10 signatures by having the customer sign
11 another piece of paper, I don't know.

12 BY MR. BECK:

13 Q. Okay. In your response you mentioned
14 that you were on very tight time constraints, I
15 believe, in completing this audit?

16 A. Yes.

17 Q. Was there a pending business decision
18 that required those tight time constraints?

19 A. Yes.

20 Q. What was the pending business
21 decision?

22 A. I think the continuing relationship
23 with Snyder. What our relationship was going
24 to be with Snyder was the decision.

25 Q. Does that mean whether you were going

1 to fire them or not, in plain language?

2 A. I believe so, yes.

3 Q. And the higher-ups, the people who
4 caused this audit to happen, wanted the audit
5 results so they could make that determination.
6 Is that right?

7 A. That was one of the pieces of their
8 -- yes.

9 Q. Do you know who was responsible for
10 making that decision on whether to terminate
11 the relationship with Snyder or not?

12 A. It would have been the GTE
13 communications corps, GTECC executives. That
14 would have been George Wieskopf, as I mentioned
15 before. I believe -- I'm trying to think who
16 the president was at the time. I think it was
17 Butch Bircher who was the GTECC president at
18 that point in time. They had changed over
19 several times, but those would have been the
20 key players.

21 Q. Did anybody ask you to discuss
22 whether the relationship should be terminated
23 or not?

24 A. Not directly. They didn't ask for my
25 opinion of should we terminate with Snyder or

1 not.

2 Q. Did they do so indirectly?

3 A. They wanted to know about the general
4 working relationship between Snyder and
5 ourselves and, you know, good points, bad
6 points. They wanted to know those kind of
7 things that were, I think, additional
8 information for them to make their decision.

9 Q. What was your recommendation on those
10 points?

11 A. The recommendation, as I remember,
12 from the audit department as a whole, not just
13 mine independently, was that there were
14 problems with Snyder and that, you know,
15 something needed to be done with the
16 relationship, either terminate it or downscale
17 it or change the way we do business with them.

18 Q. When you say there were problems with
19 Snyder, can you generally state what those
20 problems were?

21 A. Well, going into the audit, we had --
22 I mean, before we even kicked off that, when
23 regulatory and GTECC had brought us in to
24 actually prepare us for going to Snyder and
25 doing some of the audit work and whatnot, they

1 had -- we had a large meeting of different
2 people, a big conference call, basically.

3 And one of the things that was
4 discussed was they realized that there were --
5 from the field sales standpoint, there were
6 some control weaknesses that were causing
7 fraudulent or inaccurate LOAs to come through
8 from the sales side, and that was kind of
9 agreed upon.

10 Snyder folks were on the phone, GTECC
11 folks were on the phone, regulatory and audit
12 were all there together. And this is kind of a
13 pre-planning meeting. So field sales was one
14 of those items that was a known problem, and
15 that was one of the main focuses of the review
16 before we even really got started in the audit.

17 When we started in the audit, we
18 wanted to make sure we looked at field sales
19 because that was such a problem. But because
20 everybody agreed it was a problem and Snyder
21 was doing fixes as we were in doing the audit,
22 they had changed their process, they were doing
23 massive number of things, we didn't go out and
24 look at the Snyder field sales probably as much
25 as we would have done had this been not agreed

1 upon to begin with.

2 Q. Agreed upon as a problem, you mean?

3 A. Yes. It was -- it's a known risk.

4 And if everybody agrees it's a risk, why spend
5 limited resources going after a known risk that
6 everybody knows and is trying to fix? That was
7 kind of the thinking.

8 Q. The known risk being the fraudulent
9 sales?

10 A. By field sales, yes.

11 Q. Let me return a little bit to the
12 cost benefit analysis for third-party
13 verification. You communicated that to Mr.
14 Parker; did you not?

15 A. Yes.

16 Q. What was his response to your
17 recommendation on that?

18 A. I believe it was positive.

19 Q. That he thought that that was
20 something that should be done?

21 A. Yes.

22 Q. How about, did you mention that to
23 Mr. Wieskopf in your meeting with him?

24 A. Yes, the whole report we discussed at
25 length with different people in the regulatory

1 and in the executive levels of GTECC. Like I
2 said, George Wieskopf was our primary contact
3 at that; but the distribution on the report was
4 fairly small.

5 Q. Let me ask you what the distribution
6 was on the report?

7 A. I don't know what Mr. Parker did with
8 it, but he asked us to discuss that with George
9 Wieskopf.

10 Q. How to distribute your audit?

11 A. No. He asked us to go over the
12 findings, make sure that we had discussed that
13 with GTECC personnel.

14 Q. Was that at or about the time of your
15 letter to Mr. Parker?

16 A. Yes.

17 Q. So your discussion with Mr. Wieskopf
18 was somewhere around the May 11th, 1998, time
19 frame?

20 A. Yes.

21 Q. And what was his response to the
22 recommendation on third-party verification?

23 A. Mr. Wieskopf?

24 Q. Yes.

25 A. Again, generally agreeable and that

1 sounds like a good thing to do, is the overall
2 opinions that I remember.

3 Q. You said you had meetings with
4 various regulatory people and others concerning
5 your audit?

6 A. We had -- part of our normal process
7 for going through an audit or a review of this
8 nature is that whenever we have any kind of
9 finding or concern or whatever it might be, an
10 observation, we will kind of leave it in draft
11 form, not the report or anything like this,
12 this is a very finalized document, we'll go
13 discuss it with key personnel. And we'll do
14 that throughout the audit and make sure we have
15 the finding right, make sure that we didn't
16 miss something or we misunderstood something.
17 So we call that our clearing process. We will
18 clear those findings with them.

19 And part of that, we would have
20 weekly status meetings that were requested not
21 only by Snyder but also by the GTECC folks and
22 also regulatory. Regulatory meaning Karen
23 Smith, primarily; she was our key contact. At
24 those meetings we discussed our status of the
25 audit.

1 Q. So you had weekly meetings while you
2 were conducting the audit. Is that right?

3 A. I think there were two meetings,
4 that's my general recollection, because of the
5 short time span of this audit.

6 Q. And do you recall was Karen Smith at
7 these meetings?

8 A. I know she was at one of them, but
9 I'm not sure if she was at all or both.

10 Q. Who else attended these meetings?

11 A. I'm not sure of the exact names. I
12 know that, generally speaking, the audit team
13 was there. There was usually a representative
14 from Snyder, a representative from GTECC and a
15 representative from regulatory.

16 Q. Do you know who the GTECC
17 representatives were at the meetings?

18 A. Not specifically. I know who the
19 major players were, but I don't know if they're
20 always the ones that came to the meeting or
21 not.

22 Q. Karen Smith is a major player?

23 A. On the regulatory side, yes.

24 Q. How about on the non-regulatory side,
25 the business side?

1 A. That would have been -- I mean, our
2 key players would have been -- I believe his
3 name is Michael Lyons, and the other person was
4 Ted Gilmore.

5 Q. Now, besides Mr. Parker and Mr.
6 Wieskopf, with whom else did you discuss your
7 recommendation concerning third-party
8 verification?

9 A. The recommendation was discussed at
10 these meetings and before it was finalized in
11 the report that you see. And that included the
12 same, somebody from Snyder, somebody from
13 GTECC, somebody from -- audit was there and
14 usually regulatory as well.

15 Q. You mentioned that Mr. Parker
16 responded favorably to your recommendation?

17 A. Yes.

18 Q. And Mr. Wieskopf responded favorably
19 to your recommendation. Is that right also?

20 A. Yes.

21 Q. Did anybody ever respond negatively
22 to your recommendation?

23 A. Not to my knowledge.

24 Q. Did anybody ever respond any way
25 other than positively?

1 A. Not to my knowledge.

2 Q. Besides Mr. Wieskopf and Mr. Parker,
3 do you recall any other persons who you
4 discussed that recommendation with?

5 A. Other than the ones that had already
6 been mentioned? I mean, somebody --

7 Q. Karen Smith?

8 A. Karen Smith. Somebody I -- I could
9 speculate who we talked with at Snyder, but I
10 know we probably had that conversation with
11 him, but I don't remember it specifically. I
12 also remember talking with different people in
13 the audit organization. I mean, we talked with
14 Jolene Modean who was the incoming
15 vice-president of audit. She was the top
16 person in audit. Also Mark Smith and the audit
17 team as well. But from an outside standpoint,
18 I think those were the key players.

19 Q. Do you know whether Karen Smith is
20 still with GTE, Verizon?

21 A. I believe she is. That's -- I'm not
22 100 percent sure.

23 Q. You don't know what her position
24 would be now?

25 A. No, I really don't.

1 Q. And I'm sorry. She was the
2 vice-president in regulatory?

3 A. She was an AVP or a VP. I'm not sure
4 which at that point in time. And she was in
5 the regulatory -- it was either regulatory
6 compliance, regulatory affairs, something like
7 that, but I don't know specifically.

8 Q. And what was her particular interest
9 in the audit of Snyder?

10 A. They had a number of complaints that
11 had come through, and a lot of them had
12 Snyder's name on them. And because of the
13 number of complaints that had happened, she
14 felt that we needed to go do an audit of them.
15 Again, she was kind of the driving force;
16 herself and Tom Parker were working together to
17 kind of be the driving force behind the audit.

18 Q. To your knowledge, your
19 recommendation concerning third-party
20 verification was never implemented. Is that
21 true?

22 A. To my knowledge, no.

23 Q. Do you have any idea why?

24 A. I believe that we were ending our
25 relationship with Snyder. And to implement

1 something of, you know, a process change
2 nation-wide like this, it wouldn't just take a
3 -- it would take several months to get it
4 rolled out, get it up and working in all
5 locations. And I don't -- and from the
6 discussions that we had with Mr. Wieskopf in
7 the November, December time frame, again, we
8 were kind of put on hold for stuff. And
9 subsequent to that we found out that we were
10 ending our relationship with Snyder.

11 Q. Your recommendation was made no later
12 than May 11th of 1998?

13 A. Right.

14 Q. Which is the date of your letter to
15 Mr. Parker; is that right?

16 A. Correct.

17 Q. And your relationship with Snyder
18 foot sales wasn't terminated for at least
19 another six months. Isn't that right?

20 A. I don't know when it was terminated.
21 I don't know when the Snyder foot sales was
22 terminated. I don't know the exact date of
23 that.

24 Q. Other than what you've already
25 described, is there any other reason you

1 believe that your recommendation was never
2 implemented, that you know of?

3 A. Not that I know of, no.

4 Q. As part of the audit, you performed a
5 series of mystery shoppers at Snyder field
6 sales events. Is that right?

7 A. We performed some, yes.

8 Q. Could you describe what the purpose
9 of that was?

10 A. The primary purpose of the mystery
11 shops was to get us acquainted with what was
12 going on at a Snyder field sales location.

13 Q. And by mystery shoppers, someone
14 would appear but it would be unknown to
15 salespeople that you were actually auditing?

16 A. Yes.

17 Q. You actually conducted one of them,
18 didn't you?

19 A. Yes, I did.

20 Q. We'll get to that later.

21 Other than what you've already
22 discussed, were there any other follow-ups to
23 this audit of Snyder?

24 A. There was not a follow-up audit of
25 Snyder, no.

1 Q. But were there any other processes
2 other than what you've already discussed?

3 A. Not that I remember, no.

4 Q. Did you discuss the results of your
5 audit with Snyder as well?

6 A. Yes. As part of the clearing
7 process, we were talking with Snyder. They
8 were at those clearing meetings.

9 Q. Let me ask you to turn to page 6 of
10 the letter which is Bates stamped page 17461?

11 A. Okay.

12 Q. You have a number of bullets on this
13 page --

14 A. Uh-huh.

15 Q. -- that describe the results of a
16 substantive test of Snyder sales orders. Is
17 that right?

18 A. Are you talking -- page 6, I mean,
19 you were just looking at a different page than
20 I was.

21 Q. Right, the bottom of page 5 that
22 leads into page 6?

23 A. Yes.

24 Q. And then on page 6 you have some of
25 the results of those. You describe some of the

1 results of some of those substantive tests. Is
2 that right?

3 A. Yes.

4 Q. For example, the fourth bullet says
5 that on 38 of 68, or 56 percent, of the orders
6 did not have one of the following identifiers
7 on the LOA, Social Security number, driver's
8 license number or date of birth. Is that
9 right?

10 A. Right.

11 Q. Of those field sales?

12 Was that -- I mean, is that a
13 problem? Didn't you think that was kind of
14 unusual to have that kind of failure rate?

15 A. That high failure rate, yes, I would
16 have said that that was noteworthy. And again,
17 their processes were changing and that's why
18 the identifier was -- that was supposed to be a
19 new fix, but their processes had only been in
20 -- the new processes had only been in place for
21 a short period of time.

22 Q. Let me ask you to turn to page 17672,
23 which is a different document.

24 A. 17672. Are we done with this one
25 here?

1 Q. Yes, for now.

2 A. Okay. I'll just keep it off to the
3 side, then.

4 Q. Do you recognize this document?

5 A. Yes, I do.

6 Q. Could you state what it is?

7 A. It is a planning memo. It is the
8 document that we prepare for before we go out
9 and do an audit that kind of lays out the
10 logistics: What are we going to cover, how are
11 we going to do it, where are we going to be
12 staying, basic planning information for the
13 audit.

14 MR. WOFFORD: Charlie, just so we
15 know we're talking about the same
16 document, can you give me the inclusive
17 Bates numbers of the documents?

18 MR. BECK: We've -- I was about to
19 ask that.

20 BY MR. BECK:

21 Q. The planning memo, does that go
22 through Bates stamp 17683?

23 A. One second.

24 It goes through 683 is the typed
25 document, yes. And then there were supporting

1 documents that go into it.

2 Q. So the Bates stamps subsequent to
3 17683 are, what, support for the planning memo?

4 A. Some of them, yes. Let me just kind
5 of thumb through here.

6 Q. Sure.

7 A. They would have stopped at 17707.
8 That would have been the end of the supporting
9 materials for the planning memo.

10 Q. Is the planning memo something that
11 you prepared?

12 A. Yes, it is.

13 Q. Could you turn to Bates stamped page
14 17677?

15 A. 677, yes.

16 Q. Could you turn your attention to the
17 place where it says special note?

18 A. (Witness nods head.) Okay.

19 Q. Okay. You see where it says: This
20 review involves a number of big players, and
21 the term "big players" is in quotes?

22 A. Yes.

23 Q. What did you mean by big players?

24 A. I listed the following names, those
25 being the key players or the big players,

1 meaning that there was -- this was a high
2 profile audit and a lot of people were
3 watching; therefore, we need to maintain, you
4 know, high levels of professionalism.

5 Q. George Wieskopf, you've already
6 mentioned; he was one of the big players?

7 A. Yes, he was. He was our key contact
8 at GTECC.

9 Q. And you've mentioned Tom Parker who
10 is with the legal counsel?

11 A. Yes.

12 Q. How about Bill Edwards, what was his
13 role with respect to the audit?

14 A. At this point in time I think he was
15 the controller of GTE, of the GTE telephone
16 operations at that point in time. He was
17 administratively internal audit's boss. That's
18 who internal audit reported up to, ultimately.

19 Q. Was he involved in any way in the
20 audit?

21 A. He knew of the audit, and he had been
22 in discussions with Tom Parker and Karen Smith
23 to kind of get things kicked off.

24 Q. Do you know whether the results of
25 the audit were provided to him?

1 A. I don't remember.

2 Q. Did you have any meetings with him?

3 A. Not me personally.

4 Q. Do you believe that if there were,
5 they would be with either Karen Smith or Tom
6 Parker, then, would have discussed this with
7 him?

8 A. Yes.

9 Q. Who is Larry Zydou?

10 A. Larry Zydou.

11 Q. Zydou?

12 A. At the point in time, he was our
13 acting assisting controller, auditing. He was
14 the top person in auditing, and he was also an
15 audit director. He was fairly new to the
16 department, but --

17 Q. What role did he play in the audit?

18 A. Fairly minimal. I mean, he was
19 fairly new. He came in, I think, during the
20 audit, as I remember. He was put on as acting
21 during the middle of it. And his was more of
22 just a review. He knew of the audit, what the
23 findings were, had seen a copy of the legal
24 letter that was sent out.

25 Q. Did you ever discuss the audit with

1 him?

2 A. Yes.

3 Q. What were your discussions with him
4 about the audit?

5 A. Just like with the other remaining
6 audit department members. We just talked about
7 what we found, what we did, those kind of
8 things, what our recommendations were.

9 Q. What was his response to that?

10 A. I don't remember specifically. But,
11 you know, generally, you know, if he had a
12 problem with it he wouldn't have let the report
13 go out the door. I mean, that's just generally
14 their role, so.

15 Q. Did you discuss your recommendation
16 concerning third-party verification with him?

17 A. I'm sure we did. I don't remember it
18 specifically; but, I mean, we discussed the
19 whole report with him.

20 Q. And do you recall his response?

21 A. Not -- not specifically, no.

22 Are we done with the planning memo?

23 Q. I think for now. I don't want to
24 guarantee it, but.

25 A. Okay. I'll set it aside, then.

1 Q. Let me ask you briefly about a
2 document Bates stamped 18274.

3 MR. WOFFORD: Just the one page,
4 Charlie?

5 MR. BECK: The document that goes
6 through -- or this is a letter that's
7 three pages long going through Bates
8 stamped 18276.

9 BY MR. BECK:

10 Q. I'd like to ask you if you recognize
11 that document?

12 A. I do.

13 Q. Could you briefly describe what it
14 is?

15 A. Is it an audit report from an audit
16 of GTE Long Distance in 1997.

17 Q. Were you personally involved in that
18 audit?

19 A. No.

20 Q. That's an audit different than the
21 one you conducted on Snyder; is that right?

22 A. Yes.

23 Q. But as part of your audit at Snyder
24 did you review this audit?

25 A. We reviewed the report for the

1 findings as part of our planning process.

2 Q. Let me ask you on the first page of
3 this letter, toward the bottom, it says: In
4 our opinion the controls addressed within the
5 scope of our audit are inadequate?

6 A. Yes.

7 Q. Are you familiar with that -- that
8 opinion that's in the letter?

9 A. That's our typical opinion for --
10 that's our worst opinion for when we issue a
11 report.

12 Q. And when you did your audit of
13 Snyder, you were aware of that opinion that had
14 been made in this earlier audit of GTE Long
15 Distance. Is that right?

16 A. I was aware of it, yes.

17 Q. What impact did that have on your
18 audit of Snyder, if any?

19 A. I don't know of any. I don't know
20 that it had any impact, really. I know that we
21 looked at this audit as a reference tool to
22 help us understand the process, to help us make
23 sure that we're testing the right things,
24 because they had done a lot of the preliminary
25 work back in June of '97 or even earlier that

1 we used again as a reference source.

2 Q. Let me ask you to turn to Bates
3 stamped page 18483.

4 MR. WOFFORD: What's the full range?

5 MR. BECK: I'm not sure.

6 MR. WOFFORD: It begins with 18483.

7 BY MR. BECK:

8 Q. Do you recognize the document that's
9 Bates stamped page 18483?

10 A. Generally, yes.

11 Q. And it says Lead Memo at the top;
12 does it not?

13 A. Yes.

14 Q. Can you describe generally what a
15 lead memo is?

16 A. A lead memo is our base document, our
17 work paper. It's where we document our
18 testing, a specific piece of the testing, let's
19 say.

20 Q. And is this part of a larger
21 document? I was wondering if you could
22 identify the pages that would consist --

23 A. It has two pages. With this lead
24 memo there are two pages, 83 and 84.

25 Q. That's 18483 and 18484?

1 A. Yes. Those are the two that really
2 go together. And then there would be -- if
3 there would be anything it would be B-11 dot
4 anything else at the top of the page here.

5 Q. All right.

6 A. And then there would be -- those
7 would be associate documents. But I don't see
8 that on the next set of Bates stamps, so I
9 don't know if they're out of order or whatnot.
10 But these are the only two that really kind of
11 go together.

12 Q. All right. At the bottom of the page
13 under Findings, Condition Issue, it states
14 that: No standardized and formalized process
15 is in place for the forwarding and handling of
16 complaints to Snyder. Do you see that?

17 A. Yes, I do.

18 Q. Could you describe in a little bit
19 more detail what the problem is that that
20 addresses?

21 A. That we found at that point in time?

22 Q. Yes.

23 A. The basic finding that we had was
24 that complaints would come in from various
25 sources and there was no central point to take

1 those in, handle them and make sure that they
2 got resolved adequately. That was our biggest
3 concern, biggest problem. There were multiple
4 places, people, whatnot. I mean, there was --
5 Snyder had a complaint piece, GTECC had a
6 complaint piece, so on and so forth.

7 Q. On the top of the next page, which is
8 Bates stamped paged 18484, there's an area that
9 says "risk high". Are there various
10 descriptions of risk; are there various
11 categories of risk that you can ascribe to a
12 practice?

13 A. Yes. Low, medium and high.

14 Q. Okay. And the high then is the
15 highest risk?

16 A. Correct.

17 Q. And it says: Lack of formality may
18 result in either untimely resolution or lack of
19 correction of unethical sales practices. Is
20 that right?

21 A. Yes.

22 Q. And do you agree with that?

23 A. That is the risk of not being able to
24 track some of these things.

25 Q. Let me ask you to turn to page 18495?

1 A. Yes.

2 Q. This is a lead memo for a section of
3 the audit described as B-12. Is that right?

4 A. Yes.

5 Q. And you recognize this, this lead
6 memo?

7 A. Generally, yes.

8 Q. And then: The objective of this memo
9 is to ensure that customer complaints are being
10 handled properly and in a timely manner; is
11 that right?

12 A. Yes.

13 Q. And then under Source there are a
14 number of what look like subsections to me, is
15 that what you could describe that? Or what
16 would you describe that as?

17 A. The B-12.1 through B-12.10, these are
18 supporting documents that support this document
19 or would be referenced in this document.

20 And if you look at 18499.

21 Q. Yes.

22 A. Just as an example, the way we
23 cross-reference our -- the work papers, B-12.1
24 would be the summary of test work. And up at
25 the top of this document you'd see handwritten

1 B-12.1. That would show that these are the two
2 documents that the two are pointing towards or
3 referencing each other.

4 Q. Okay. Okay. Let me go back again to
5 those lists of the subpoints?

6 A. Yes.

7 Q. B-12.1 is a summary of test work?

8 A. Yes.

9 Q. B-12.2 is a log of all complaints for
10 unauthorized switching on hand at Snyder?

11 A. Yes.

12 Q. Okay. How did you determine, you the
13 auditors, complaints of unauthorized switching
14 on hand at Snyder?

15 A. If a customer would call in to Snyder
16 and say that I had been slammed or I have a
17 complaint or whatnot, they would log it; and it
18 was supposed to make it on this log.

19 Q. Let me backtrack again here to
20 B-12.1, which is the summary of test scores?

21 A. Yes.

22 Q. And you referred me earlier to page
23 18499 as a place where that summary of test
24 work starts. Is that right?

25 A. Yes.

1 Q. And to which page does that extend,
2 the summary of test, or B-12.1?

3 A. I think that's the only one. Let me
4 just double check.

5 That's what it looks like. It's just
6 one page.

7 Q. What would be on the next page, then,
8 on Bates stamped page 18500?

9 A. B-12.2, which would be the next
10 cross-referenced document, which would be the
11 log of all complaints for unauthorized
12 switching on hand at Snyder.

13 Q. How do these relate, the 12.1 and
14 12.2?

15 A. I believe 12 point -- let me just
16 make sure, hold on.

17 12.2, B-12.2 was the Snyder listing
18 of complaints, and that was used to pick a
19 sample for testing.

20 Q. Is the sample on 12.1?

21 A. Yes.

22 Q. So 12.1 is a sample of those that are
23 listed on 12.2?

24 A. Correct. We took a sample of 25
25 items.

1 Q. Let's look at the sample, which is on
2 Bates stamped page 18499?

3 A. Yes.

4 Q. There are a number of -- or one of
5 the first columns is BTN?

6 A. Yes.

7 Q. What does BTN stand for?

8 A. Billing telephone number.

9 Q. And there are a number of 305 area
10 code numbers listed there; is that right?

11 A. I see about five, yes.

12 Q. Are there six?

13 A. I'd have to count them, one -- I got
14 seven. Item number 5 and then items 13 through
15 18.

16 Q. Okay. Seven area code 305s?

17 A. Yes.

18 Q. And also one item 19 in the area code
19 407; is that right?

20 A. Yes.

21 Q. And all those area codes are in
22 Florida; are they not?

23 A. I'm not sure.

24 Q. Well --

25 A. I just don't know.

1 Q. All right. Well, in any case, if we
2 combine 305 and 407, we have eight of those
3 that are in either of those area codes --

4 A. Yes.

5 Q. -- out of your 25?

6 Now, let's just take one, just take
7 the first one, for an example. All right.
8 That's line 5 for the 305-651-6513?

9 A. Yes.

10 Q. Okay. This, again, comes from a
11 subsection of all those complaints that were
12 received by Snyder?

13 A. Yes.

14 Q. And are these the only complaints
15 about unauthorized changing?

16 A. I don't remember exactly. I don't
17 know if they were. I don't remember
18 specifically if it was all just complaints of
19 slamming or complaints of any nature. I don't
20 remember.

21 Q. Let me ask you to direct your
22 attention back to 18495, that page?

23 A. Yes.

24 Q. Doesn't under section B-12.2 say:
25 Log of all complaints for unauthorized

1 switching on hand at Snyder?

2 A. Yes.

3 Q. So these would only be complaints for
4 unauthorized switching. Is that right?

5 A. That's what I'm thinking, yes.

6 Q. Okay. Let's go back to 18499. Could
7 you just read across and tell me what each of
8 those columns mean with respect to that item,
9 as an example?

10 A. Give me just a minute, please, so I
11 can just make sure I'm familiar with this.

12 Q. Sure.

13 A. (Witness reviews document.)

14 Okay. The first, it looks like four
15 columns which include BTN trans date, required
16 date and rep I.D. Those are basic
17 identification so we know what the key time
18 frames were, what the customer phone number was
19 and who was the actual one processing.

20 Q. Is the transaction date the date that
21 the switch purportedly occurred or was
22 purportedly authorized?

23 A. I'm not 100 percent sure but I -- I
24 don't know for sure, but I would say yes.

25 Q. How about the required date; is that

1 what you call that?

2 A. It may be request date. It may be
3 the date the request got processed.

4 Q. Go ahead.

5 A. Again, I'm not sure what each of the
6 dates actually represent at this point in time.
7 I'm sure when we were doing the test we did,
8 but I just don't have anything that shows me
9 what they are, what they mean today.

10 The next one is the action plan,
11 which on this one says Written warning/invest.

12 Q. What does that mean?

13 A. Well, looking at the original B-12.2,
14 looking for that item, the action plan, what
15 Snyder was going to do with it, I assume, is
16 that they were going to issue a written warning
17 to the rep or to someone and then they were
18 going to investigate the change at a further
19 date.

20 Q. And that's for the complaint of
21 unauthorized switching that that action plan
22 was taken?

23 A. I believe so, yes.

24 Q. Go ahead.

25 A. The action plan date was the next

1 date is when that was supposed to happen or
2 when it did happen.

3 Audit by QA was their QA department.
4 Did someone take a look at it from their side?

5 Step A, Test Work Steps A. If you
6 reference down below: The following tests were
7 performed for the columns listed.

8 Do you want me to continue?

9 Q. In other words, I just look to the
10 bottom of the page for those columns A through
11 D to say what they are?

12 A. Yes, sir.

13 Q. Okay.

14 A. And each of the columns will tell you
15 what they verified. And if we had -- in this
16 case you'll see that we had -- there was an E-1
17 in column A.

18 Q. Yes.

19 A. E-1 being that that was an exception
20 that we took. It says see B-12.

21 Field personnel did not resolve
22 complaint within 72-hour time line. That was
23 an internal metric that Snyder had that if a
24 complaint came through that their field sales
25 personnel would have to resolve it within 72

1 hours. That's what the E-1 referenced.

2 And then going across, the different
3 tick marks are, again, down here at the bottom
4 on the right-hand side of that that says:
5 Tested with no exceptions, blah, blah, blah.

6 Q. All right. Now, on the page of the
7 12-2 pages, which I take it are eight pages,
8 beginning at Bates stamp 18500 through 18507?

9 A. 18507? Yeah.

10 Q. And these are a log of all complaints
11 for unauthorized switching on hand at Snyder we
12 discussed earlier. Is that right?

13 A. Yes.

14 Q. What was the time frame covered by --

15 A. Well, just a second. I want to make
16 sure that they're all the same.

17 Q. Sure.

18 A. Yes, it looks like they are all the
19 same.

20 Q. What was the time frame covered by
21 this?

22 A. I don't know for sure. I can tell
23 you what the report shows. I don't remember
24 specifically.

25 Q. All right. Go ahead and tell me what

1 the report shows?

2 A. Up at the top there's a marker that
3 says: CRC complaints (1/1 through 4/8). So.

4 Q. So would that indicate to you that
5 these are the complaints received by Snyder
6 about unauthorized switching during that period
7 January 1 through April 8th of 1998?

8 A. It could be. I mean, those are the
9 only dates that I see. I mean, I don't have
10 anything that tells me one way or the other.

11 Q. Okay. And, of course, this doesn't
12 include any of the complaints received by GTE
13 about slamming; these are only the ones
14 received by Snyder. Is that right?

15 A. I believe so, yes.

16 I don't know if there are duplicates
17 or if this is an independent log; I just don't
18 remember specifically.

19 Q. And if we wanted to know what
20 complaints had been received by Snyder, we
21 could look at the area code of the BTNs to see
22 which ones are Florida, relating to Florida.
23 Is that right?

24 A. I would assume so, yes.

25 Q. Going forward in the documents now,

1 leaving those behind, page 18519?

2 A. 519? I'm sorry.

3 Q. Yes.

4 A. Okay.

5 Q. This is one of the supporting
6 worksheets. Is that right?

7 A. Let me just familiarize myself.

8 Q. Please tell me what this page shows?

9 A. Give me just a minute, please.

10 Q. Sure.

11 A. What I believe these to be is the
12 actual detailed documents that support the
13 report starting on 500, 18500. Looking at
14 complaint investigation form sent to GSM and
15 returned from GSM with action plan.

16 Q. So these are a portion of the
17 complaints received by Snyder that --

18 A. Yes.

19 Q. -- that you looked at as part of the
20 audit?

21 A. I believe so. I'm trying to just
22 find one and cross reference it.

23 I believe what they are -- I believe
24 what they are is they are supporting documents
25 of the actual action plans that were sent from

1 the field up to Snyder headquarters personnel
2 for summarization in this report.

3 Q. This report referring to?

4 A. 18501 -- I mean, 500.

5 Q. All right. Let me see if I
6 understand correctly what this is an example
7 of. These are three -- there are three 305
8 area code numbers listed here. Is that right?

9 A. Yes.

10 Q. And all of them have transaction
11 dates in January, late January of 1998?

12 A. Yes.

13 Q. Is that right?

14 And these are complaints that were
15 received by Snyder of unauthorized switching.
16 Is that right?

17 A. That I'm not sure of. I can tell you
18 what's on here, but I don't remember what
19 specifically this was used for. It looks like
20 this is -- we send this out the door to say
21 here are your complaints that go to your
22 region, and then it's listed by these people up
23 here. That's my understanding.

24 Q. Well, by complaints, wouldn't that be
25 a complaint of unauthorized switching?

1 A. I would assume. I don't know. I
2 really don't know. I just don't remember
3 specifically or not.

4 Q. Well, what other complaints did you
5 look at? Were there others other than
6 unauthorized switching?

7 A. No. I think most of them were all
8 about switching. I just don't remember
9 specifically about this one. If I had to
10 guess, I would say that's what specifically
11 this is. I just -- it doesn't have much on
12 there to give me any indications one way or the
13 other. I'm sorry.

14 Q. I'm just trying to understand what it
15 shows myself.

16 A. But if you -- on 519 you can cross
17 reference item 14, which is handwritten there;
18 and you can cross reference it to page 18502 by
19 the BTN, billing telephone number.

20 Q. And in fact, the 14 means that this
21 is one of the items that was selected for
22 testing?

23 A. Correct. Yes.

24 Q. And we would find this on page 18499,
25 which shows, as I understand it, the subpart

1 portion of the complaints received by Snyder
2 about unauthorized switching that you actually
3 tested for?

4 A. Correct. And it is on there.

5 Q. Okay.

6 A. It's just all the supporting
7 documentation for how we did the test.

8 Q. And just as one more example on the
9 next page, which is 18520.

10 A. Yes.

11 Q. This lists three instances of where
12 the transaction date is in February of 1998 and
13 it involves either the area code 407 or 305?

14 A. Yes.

15 Q. And these are instances where there
16 are complaints of unauthorized switching that
17 Snyder received. Is that right?

18 A. Again, based upon what I see here, I
19 think that that's -- I guess so, yes. I'm not
20 100 percent sure. I'm sorry.

21 Q. Well, again, though, let me -- let's
22 try to tie this down. These are items that you
23 tested for, and it's shown on page 18499,
24 right?

25 A. When we tested we selected from the

1 log, which was starting at 18500.

2 Q. Right.

3 A. That log is a log of complaints.

4 Q. Complaints of unauthorized switching,
5 right?

6 A. Yes.

7 Q. Yes.

8 A. Yes. And then from there, these are
9 the supporting detail that make up that log.
10 So, yes, those would be the supporting logs
11 that were sent to the field to the general
12 sales managers and that included their action
13 plans and what they were going to do with them,
14 that would, again, be the follow-up to what got
15 put into this log.

16 Q. Okay. Let me ask you to turn to page
17 18533?

18 A. 18533. I think that's in the next
19 set.

20 Q. I think it goes for three pages, if
21 I'm reading it right.

22 MR. WOFFORD: 18533 through what?

23 MR. BECK: Through 535.

24 BY MR. BECK:

25 Q. I'd like to ask you what this

1 document is?

2 A. Give me just a second, please.

3 It is a log of escalated complaints
4 sent to Snyder by someone in the GTE Network
5 Services Post Sales Fulfillment Area, Liz
6 Smith.

7 Q. So this is a different area, or these
8 are different complaints than the ones we
9 looked at earlier? These are complaints
10 received by GTE as opposed to Snyder?

11 A. Correct, that's my understanding.

12 Q. And these are the -- this is a log of
13 escalated complaints that were used as the test
14 to see whether all escalated complaints had
15 been received by Snyder. Is that right?

16 A. I believe there was -- just give me a
17 second.

18 Looking back through what this -- can
19 you repeat the question? I'm sorry. I just
20 want to make sure I'm answering the right
21 question.

22 Q. Is it correct that these are the --
23 these are escalated complaints for Snyder that
24 were received at GTE, and they were used to
25 test whether all escalated complaints had been

1 received by Snyder?

2 A. Yes.

3 Q. Now, these were received by Liz
4 Smith's group. Is that right?

5 A. Based on the information -- that's
6 who we got this from. I don't know how they
7 came in the door, but Liz Smith was the keeper
8 of this log.

9 Q. And Liz Smith works for which
10 company?

11 A. At that point in time, by looking at
12 the source information on here, the handwritten
13 note says: We got this from Liz Smith, GTE
14 Network Services, Post Sales Fulfillment, LD
15 Complaints.

16 Q. And this, I take it, is not a
17 complete list of all complaints; it's only
18 those used for testing?

19 A. That, I don't know. I don't know if
20 it's a complete listing or not. I don't know
21 if it was a snapshot or we took a couple -- I
22 mean, there's -- the date is cut off -- start
23 at 2/5/98 and go through 4/7/98. So there
24 could be more before that 2/5/98 date. There
25 could be more after 4/7. I don't know if we

1 took a sample mid course or what we did. I'm
2 just saying this is -- I think this is what we
3 used for testing, yes; but I don't know if it's
4 a complete report.

5 Q. Let me ask you to go through and
6 identify columns with me, if I could. Let's
7 take about the tenth one down, Nadine Frezen.
8 It starts on 2/26 1998?

9 A. Yes.

10 Q. 2/26/98 refers to what?

11 A. The date -- it says date received. I
12 would assume that's the date the complaint was
13 received.

14 Q. And right now we're discussing, just
15 for the record, Bates stamp 18533; is that
16 right?

17 A. Yes.

18 Q. And then that's the person's name
19 that follows that?

20 A. Yes.

21 Q. And that person's telephone number?

22 A. Yes.

23 Q. It says Florida there, for 305 area
24 code; doesn't it?

25 A. Yes.

1 Q. Next it says OOF. What does that
2 stand for?

3 A. Out of franchise.

4 Q. What does that mean?

5 A. It means it is -- an in-franchise
6 customer is a customer that is already a GTE
7 local phone service customer, that is, in the
8 GTE franchise area. An out of franchise
9 customer would mean that GTE does not have
10 local services or is not the primary ILEC in
11 that area. It's outside of our region.

12 Q. What does the next date, January 15,
13 1998, mean?

14 A. Date signed. I think it's the date
15 that the LOA was signed.

16 Q. The LOA stands for Letter of
17 Authorization?

18 A. Yes.

19 Q. Do you know what the following
20 columns represent?

21 A. Not really. I can speculate, but
22 that's it.

23 Q. Okay. Let me ask you about the -- do
24 you know what the event column, the Event I.D.
25 column means?

1 A. Again, I could speculate; but I don't
2 know for sure.

3 Q. The next column is Fraud. Do you see
4 that?

5 A. Yes, I do.

6 Q. And then the response under there is
7 either N or Y; is that correct?

8 A. Yes.

9 Q. And here we have a Y. Is that right?

10 A. Yes.

11 Q. I guess that means yes for fraud; is
12 that right?

13 A. That would be a fair assumption, yes.

14 Q. How was it determined on this page
15 whether or not there was fraud?

16 A. I don't know how they made that
17 determination.

18 Q. Who would have made it?

19 A. Liz Smith or somebody in her group or
20 whoever took the investigation.

21 Q. So these three pages, 18533 through
22 535 came from Liz Smith's group and already had
23 on there yes or no to the column on fraud?

24 A. Yes. This was prepared by her, and
25 we just took this document. These were

1 complaints that had already come in the door.
2 The test that we were looking to do was to make
3 sure that these got forwarded to Snyder
4 accurately.

5 Q. And do you know when this document
6 was provided?

7 A. By Liz Smith?

8 Q. Yes.

9 A. Not a specific date, no; but it was
10 within the audit time frame.

11 Q. The last event listed is, for date
12 received at least, is April 7, 1998. Is that
13 right?

14 A. Yes.

15 Q. And there are marks at the top of the
16 work paper on the first page of 4/14/98. Is
17 that right?

18 A. Yes.

19 Q. So it would be somewhere in that time
20 frame, between the 7th of April and the 14th of
21 April; would it not?

22 A. I would say it's probably even
23 earlier than that.

24 Q. Well, it couldn't be earlier than
25 April 7th, could it?

1 A. Well, I see a 4/8 in here. There's
2 one 4/8. There's a 4/7. I mean, there could
3 be --

4 Q. Okay. So it couldn't be any earlier
5 than April 8th of '98; is that right?

6 A. I would think not, no.

7 Q. Otherwise, you wouldn't have an April
8 8th entry?

9 A. That's good.

10 Q. But we also had a date on the first
11 page of April 14th, 1998, that's handwritten.
12 Is that right?

13 A. Yes.

14 Q. That's an auditor's mark. Is that
15 right?

16 A. Correct.

17 Q. So isn't it fair to conclude that
18 somewhere in the time frame April 8 to April
19 14th, 1998, is when this report was generated?

20 A. Yes.

21 MR. WOFFORD: Well, are you asking
22 when the report was generated or when it
23 was provided to the audit team?

24 BY MR. BECK:

25 Q. Well, let's do both. It would have

1 to be generated on or after April 8th and on or
2 before April 14th, wouldn't it?

3 A. I would think that's reasonable.
4 Because to be able to include an item from 4/8,
5 it would have to be generated on that date or
6 after, and we would have had it before the
7 auditor signed off on it and put the date of
8 4/14/98 on there. That would have been -- they
9 were done with that piece of testing.

10 MR. BECK: Are we okay? I mean, I
11 know this is tedious. Do you want to take
12 a short break?

13 MR. WOFFORD: I'd like to take a
14 short break.

15 (A recess was taken at this time.)

16 BY MR. BECK:

17 Q. Can I ask you to turn to Bates stamp
18 page 18536?

19 A. I don't think I have that one. It
20 should be in the next series, should be the top
21 one. Okay.

22 Q. Could you tell me what this document
23 represents?

24 A. Okay. It's a document prepared by
25 the auditor, Susan North. It is test results

1 for tracing of non-escalated complaints, sent
2 to -- sent by GTECC to Snyder.

3 Q. So she was seeing how well Snyder was
4 receiving non-escalated complaints that GTE was
5 sending to them?

6 A. Yes.

7 Q. And does this show that 28 complaints
8 was sent by GTE to Snyder on March 10, 1998?

9 A. Yes.

10 Q. Eight of those 28 did not involve
11 unauthorized switches. Is that right?

12 A. From reading the document, yes.

13 Q. Which means that 20 of them did
14 involve unauthorized switches. Is that right?

15 A. By doing the math, yes, it looks like
16 there were 20.

17 Q. And that's for one day in March of
18 1998; is that right?

19 A. Yes.

20 Q. And it says 43 percent of the
21 complaints -- of these complaints were not
22 received on March 10, 1998. Is that right?

23 A. Yes. There's a slight -- it says:
24 Percentage of complaints no received by Snyder
25 on 3/10/98. I would assume that that's a typo,

1 meaning not.

2 Q. And the purpose of this test was
3 simply to trace one day's worth of complaints
4 on hand at GTE and trace to see whether they
5 were in Snyder's log. Is that right?

6 A. Yes.

7 Q. And what this found is that 43
8 percent of the complaints were not making their
9 way into Snyder's log. Is that correct?

10 A. 43 percent of the non-escalated
11 complaints, yes.

12 Q. Okay. Let me ask you to turn to
13 Bates stamped page 18537?

14 A. Okay.

15 Q. Do you recognize this?

16 A. Yes.

17 Q. Could you briefly describe what was
18 tested as reflected on that Bates stamped page?

19 A. As I remember, at the point in time
20 that we were doing the work, we were only --
21 Snyder was only contracted to do residential
22 orders, not small business orders. And we had
23 gotten communication from Karen Smith that
24 there were some small business orders coming
25 through and they wanted us to investigate them.

1 And that's the nature of this document, to
2 research and determine cause of small business
3 orders taken before signing of contract with
4 Snyder.

5 Q. Let me ask you to look at that e-mail
6 that's on Bates stamped page 18539.

7 A. Yes.

8 Q. This is an e-mail from Karen Smith.
9 Is that right?

10 A. There's several E-mails here. But,
11 yeah, it's from -- at the top it starts: From
12 Karen Smith to MRS Smith, which was Mark R.
13 Smith. It was sent from Karen Smith to Mark
14 Smith.

15 Q. Then we get down -- this forwarding
16 of e-mails gets down to one that was -- let me
17 get to the substance of the forwarded e-mail,
18 if we could.

19 A. Okay.

20 Q. There are roughly 600 business orders
21 at a time when Snyder wasn't supposed to be
22 doing business orders; is that right?

23 A. Let me just --

24 Q. Sure. Please read that e-mail, if
25 you would. In fact, could you also read the

1 next Bates stamp as well and then we'll discuss
2 them all.

3 A. Okay. So on the next two pages, 539
4 and 540, were the ones you wanted to look at?

5 Q. Yes, please.

6 A. Okay.

7 Q. And I want you to describe basically
8 what test you did and what the event is that
9 you were looking at as part of the audit.

10 A. From reading this and just my general
11 recollections, what happened in this time frame
12 were we had business orders coming through
13 Snyder that shouldn't have been. They
14 shouldn't have been selling to business
15 customers.

16 Looking at the other information in
17 here, they seem to think that these customers
18 were walk-in customers and they were -- they
19 had business numbers and stuff like that. And
20 the customers through additional follow-up, you
21 know, were -- I'm not sure exactly how they
22 came in the door.

23 Their general contention is that
24 these customers were, one, they shouldn't have
25 been sold by Snyder because they were business

1 customers; and, two, they are indicating
2 several places that it's slamming.

3 Q. There are about 600 orders that were
4 purportedly for businesses. Is that correct?

5 A. According to the memo, yes.

6 Q. And on page 18539 it says that: The
7 first 30 contacted all were slammed. Is that
8 right? You, being GTE.

9 A. That's what the memo says.

10 Q. And I take it during that time of
11 these 600 business orders, Snyder wasn't even
12 supposed to be selling to businesses?

13 A. Well, I mean, just looking back at
14 some of our documentation, they sold these
15 customers residential plans on business lines.
16 Meaning that you have a B-1 line, a business
17 line versus an R-1 line which is a residential
18 line. And certain plans can be sold on an R-1
19 line that can't be sold on a B-1 line.

20 Without going back into all the
21 details of that, I don't know that I can
22 remember anyway. That, I know, was one of the
23 distinctions. Because we state that in the
24 lead memo on Bates stamp 18537: Were processed
25 with residential plans on business lines. That

1 was the defining point there.

2 Q. But, in fact, these were all -- these
3 were mostly slams, at least; is that correct?

4 A. According to the memo, yes, that's
5 definitely the indication.

6 Q. And by slam, that means the
7 businesses didn't authorize any of these
8 changes?

9 A. Reading further in the e-mail, that's
10 definitely what the results conclude from this
11 e-mail.

12 Q. And you did tests to determine the
13 cause of small business orders taken before
14 signing of contract. Is that right?

15 A. Let me glance back through this
16 again.

17 What this -- just reading through
18 this e-mail, it's basically documenting what we
19 knew of this problem is what we are doing.
20 It's not really any individual test that we're
21 going through other than just interviewing
22 individuals. If you're looking at the scope,
23 it talks about I.D., which is internal audit.
24 The internal audit department interviewed
25 various individuals to explain the cause and

1 action plan of the orders processed in the
2 e-mail. I.D. spoke with the following people.
3 And we tried to get to the root cause and why
4 they were rejected and any result in customer
5 complaints and what was basically being done
6 about this. This was kind of a follow-up just
7 to make sure that something we knew of is
8 somebody on the Snyder side, is somebody on the
9 GTE side taking care of it.

10 Q. Okay.

11 A. I mean, if you can read on -- if you
12 read on through the memo, you see basically it
13 says, the bottom of that page: Based on
14 conversations with GTE and Snyder personnel the
15 exact cause of this problem is unknown and is
16 likely a combination of both customer and rep
17 fraud. A trend analysis on these orders was
18 completed by Snyder which did not find any
19 significant trends by rep I.D. or location to
20 pinpoint the problem.

21 Q. There's one other e-mail on Bates
22 stamped 18541 through 18542?

23 A. Yes.

24 Q. And this simply describes the results
25 of the 30 test calls made with respect to that

1 problem with the business versus residential.

2 Is that right?

3 A. Yes.

4 Q. There are a number of Florida
5 customers listed there in the group; are there
6 not?

7 A. I see a couple, yes. There are
8 several in here that have the Florida State
9 code, FL, listed on them.

10 Q. And they all say slam or likely slam,
11 do they not, for Florida at least?

12 A. All the ones listed with the Florida
13 State code have likely slam listed next to
14 them.

15 Q. Okay. Let's move on. Let me ask you
16 to turn to Bates stamped page 18795. I'd like
17 to ask you about the table that's in the middle
18 of that page and ask you to describe what it
19 means?

20 A. Can I get 18794? It should be the
21 first page of that narrative.

22 MR. WOFFORD: It's blank.

23 THE WITNESS: I'm just looking at the
24 -- there's a Narrative E-2, page 2 of 6 is
25 what's --

1 793 is the first page. 794 is a
2 blank page. Do you want to keep it in
3 there?

4 BY MR. BECK:

5 Q. Yeah.

6 A. Okay. Give me just a second to
7 familiarize myself.

8 Q. Sure.

9 A. Okay.

10 Q. What I'd like for you to do is
11 describe what the chart shows on page 18795?

12 A. Well, the table provides detailed
13 information regarding payments that GTE has
14 made to Snyder for the months of January
15 through March of '98.

16 Q. Snyder gets paid only when GTE
17 accepts one of its sales; is that right?

18 A. According to the memo, yes. Yes.

19 Q. And this shows that during the period
20 of January through March of 1998, 48.44 percent
21 of the sales Snyder sent to GTE were not
22 accepted. Is that right?

23 A. Yes.

24 Q. Could you generally describe what the
25 cause is of GTE not accepting a sale sent from

1 Snyder to GTE?

2 A. Generally, there could be numerous
3 reasons for why a sale would be rejected. You
4 could have missing customer information. A big
5 one would be, like, the billing telephone
6 number would be wrong. If you miss one digit,
7 if a four looks like a nine, or vice versa,
8 that could throw off your processing because
9 it's very -- billing telephone number is the
10 big key field the system would go off of. If
11 the name and address don't match up with the
12 billing telephone number, if different key
13 fields were off. If you left off -- you could
14 leave off something of what carrier code should
15 be processed with this. If you were switching
16 from AT&T to GTE, you know, if you left off the
17 GTE PIC code, you know, you wouldn't know which
18 -- from a system standpoint, you wouldn't know
19 which one to change it to. A simplistic
20 example.

21 Q. So if an order comes in and has any
22 one of those problems, it won't be accepted by
23 GTE. Is that right?

24 A. Among other things, yes.

25 Q. Don't they get fixed and resubmitted?

1 A. There are places where orders will be
2 recycled. They will be kicked back to Snyder
3 or whoever originated the order and say we
4 don't have enough information to process this
5 order. There could also be other holdups,
6 systematic or otherwise that could be
7 contributing to that number as well.

8 Q. Is this number of 48.44 the -- the
9 48.44 percent unacceptable rate, is that the
10 net number? In other words, that's the number
11 that don't get fixed and are just never
12 accepted?

13 A. It doesn't really say. I wouldn't
14 know for sure. I mean, to say that they've
15 never been fixed or would not be fixed, I don't
16 know if they would get recycled back through or
17 not.

18 Q. On page 18803?

19 A. Let me get there.

20 Q. Okay.

21 A. Okay.

22 Q. These are just other charts showing
23 the same information; are they not?

24 A. It looks like a summary of the
25 activity.

1 Q. And it shows -- at one place it
2 describes them as GTE rejects of Snyder orders.
3 Is that right, one of the charts?

4 A. Yes.

5 Q. Does this help you in being able to
6 answer whether this is the amount that are
7 never, never accepted or not, if you know?

8 A. Not just by looking at it, no. I
9 mean, because it -- I'm just looking at it, and
10 it doesn't say if these ever get reprocessed or
11 not. I mean, if -- for example, the January
12 number of 2,789 rejects of those, did they get
13 recycled or is that 2000 number incorporated
14 into the February number? I don't know, you
15 know. Are there duplicates there and is it
16 just a billing total or what, or is this a
17 continuation of old orders dropping off and new
18 numbers coming on? I don't know.

19 Q. Okay. Let me switch topics a little
20 bit and ask you about the mystery shopper
21 review.

22 A. Where?

23 Q. Let's start at page 18866.

24 A. I don't think I have it. I stop at
25 849.

1 You said 18886?

2 MR. WOFFORD: 866.

3 THE WITNESS: 886?

4 BY MR. BECK:

5 Q. It's one of them.

6 And is this your audit program for
7 the mystery, for looking at the mystery
8 shoppers?

9 A. Yes.

10 Q. And what you did as part of this
11 audit is you actually appeared at the field,
12 the sales events that Snyder was attending and
13 you reported back what you saw, basically, is
14 that right, what happened?

15 A. Right. The mystery shops were
16 intended just to get us familiar with what was
17 happening at field events.

18 Q. And I'll just skip around a little
19 bit. Let me ask you about the documents 18893
20 through 18896.

21 A. Okay. I'm looking at 890.

22 Q. Okay. 18893 through 896.

23 A. Okay.

24 Q. Please describe your guidelines for
25 the mystery shopper inspection, if you would

1 call it that. Is that right?

2 A. Yes.

3 Q. Or the mystery shopper guidelines?

4 A. Yes.

5 Q. And on page, the third page of those,
6 which is 18895, there's a mystery shopper
7 checklist explanation. Is that right?

8 A. Yes.

9 Q. And the first part is Image and
10 Appearance. Is that right?

11 A. Yes.

12 Q. The first one is that: The Snyder
13 sales associates should identify themselves as
14 agents of GTE or representatives of GTE. Is
15 that correct?

16 A. Yes, that's what it says.

17 Q. And so one of the things you're
18 looking for is to make sure the Snyder people
19 represent themselves as GTE and not as Snyder
20 employees?

21 A. That is one of the things we were
22 looking for.

23 Q. And in fact, it specifically states
24 they should not be identifying themselves as
25 Snyder employees. Is that right?

1 A. Right.

2 Q. And the second thing says: The sales
3 rep should be wearing a name tag with a GTE
4 name and/or logo. Is that right?

5 A. Yes, it is.

6 Q. So that's another thing you would
7 look for as a mystery shopper?

8 A. Right.

9 Q. And the third thing says: The sales
10 rep should be wearing Docker style pants with a
11 GTE logo shirt or a plain white and blue shirt
12 that should be appropriate for the event. Is
13 that right?

14 A. Yes, it does.

15 Q. Okay. And that's another thing that
16 you looked for in your mystery shopper
17 inspection. Is that right?

18 A. Generally speaking, yes. Those are
19 just some general guidelines that we had.

20 Q. Let me ask you to turn to page 18880.

21 A. It's right before this.

22 Q. Sorry.

23 A. Okay.

24 Q. Do you recognize page 18880?

25 A. Give me just a second to get

1 organized a little bit.

2 Q. Sure. Sure.

3 A. Yes.

4 Q. You prepared this document; did you
5 not?

6 A. Yes.

7 Q. And this was a mystery shopper
8 inspection in Chicago?

9 A. Yes.

10 Q. Did you go to Chicago just for this
11 purpose?

12 A. Yes, I did.

13 Q. And you -- one of the things is you
14 looked to see whether the representatives were
15 identifying themselves as a representative of
16 GTE Long Distance, and you answered yes. Is
17 that right?

18 A. Yes, I did.

19 Q. And in fact, that's what happened? I
20 mean, you went and looked and saw that they
21 represented themselves as GTE?

22 A. I went up and talked to this
23 gentleman.

24 Q. And he had a GTE logo on his shirt?

25 A. I believe he had a jacket -- a shirt

1 on, and then he had kind of like a light
2 windbreaker is what I remember. But I have
3 written down GTE logo shirt with jacket cover.

4 Q. Okay. And anyhow, this page and --
5 is it a two-page report of your inspection of
6 this person?

7 A. Yeah, I believe the checklists were
8 all of two pages.

9 Q. So it's pages 18880 and 18881 for
10 your inspection of this person in Chicago. Is
11 that right?

12 A. Yes.

13 Q. As part of your audit, other people
14 did these in Florida as well; did they not?

15 A. Yes, they did.

16 Q. And on 18882, we have one in Miami.
17 Is that right?

18 A. Yes.

19 Q. And in that case your auditor
20 determined that the representative -- or the
21 Snyder employee was identifying themselves as a
22 representative of GTE Long Distance. Is that
23 right?

24 A. They circled yes.

25 Q. Okay. And they were wearing a name

1 tag with a GTE name on it. Is that correct?

2 A. They circled yes again to that
3 question.

4 Q. So was your answer yes to my
5 question?

6 A. Yes.

7 Q. And on page 18886, we have another
8 mystery shopper in Miami. Is that right?

9 A. Yes.

10 Q. And again, during this inspection,
11 they found that the representative identified
12 themselves as representatives of GTE Long
13 Distance and they were wearing a name tag with
14 a GTE name on it. Is that correct?

15 A. That's how they indicated on this
16 sheet, yes.

17 Q. Let me ask you about Bates stamped
18 page 18919 through 18920.

19 A. 919, you said?

20 Q. Yes, 919 through 20.

21 A. Okay.

22 Q. Is this more backup to your audit
23 concerning the mystery shoppers?

24 A. I believe what we're looking at here
25 is we're looking at mystery shops performed by

1 another company. I think it was Wells Fargo,
2 but I would have to go back and look.

3 Q. Oh, okay. They had done some mystery
4 shopping for Snyder themselves; had they not?

5 A. Yes.

6 Q. And you were reviewing the results of
7 Wells Fargo's mystery shopper events?

8 A. Whoever was doing it. I think it was
9 Wells Fargo. I would have to go back and
10 double check. But somebody was doing -- an
11 outside company was doing mystery shops; that's
12 where we got kind of the idea to do it
13 ourselves. They were doing it in different
14 places. The particular document you referenced
15 I believe was in Florida.

16 And what we were looking at them for
17 was to get an idea of what was going on, what
18 other people were seeing, what the other
19 company was seeing. It was just general
20 information more for our understanding, again,
21 reviewing what would have already been done.

22 Q. This document indicates that during
23 this inspection in Homestead, Florida, the
24 Snyder employee was wearing a name tag with a
25 GTE name. Is that right?

1 A. Which number again?

2 Q. 18919.

3 A. Representative wearing name tag with
4 company name. Yes.

5 Q. By company name, it means GTE; does
6 it not?

7 A. I believe so, yes.

8 Q. All right. Let's change topics a
9 bit.

10 A. Are we done with the mystery shopper
11 stuff?

12 Q. Well, those documents.

13 A. Okay.

14 Q. And the next document I'm going to
15 ask you about is Bates stamped 17819.

16 A. 17819?

17 Q. Yes. Do you recognize that?

18 A. I've seen it before, yes. I
19 generally recognize it.

20 Q. Is this one of the documents you
21 reviewed as part of your audit?

22 A. I know we looked at their training
23 manuals, and that's where this looks like this
24 comes from. Like I said, it does look
25 familiar.

1 Q. And their training manual says that
2 they must wear clean and appropriate GTE sales
3 associate shirt; does it not?

4 A. Yes.

5 Q. And they must always wear a visible
6 GTE I.D. badge. Is that right?

7 A. Yes.

8 Q. And those are two things that you
9 checked on your mystery shopper analysis that
10 you did as part of your audit. Is that right?

11 A. Yes, we did.

12 Q. And were you trying to see whether
13 they were doing the things that their training
14 manual says they're supposed to do?

15 A. One of the tests, yes.

16 Q. And this is confirmed on Bates
17 stamped page 17845?

18 Do you have that one? It's coming.

19 A. In process.

20 Q. Is this again from the training
21 manual of -- I'm sorry.

22 A. Based on the footer, it appears so.
23 It appears to be from the same manual.

24 Q. This is the Snyder training manual?

25 A. The training and performance

1 development manual, yes.

2 Q. And again, this says the mystery
3 shopper evaluates whether the Snyder employees
4 are wearing an I.D. name tag. It doesn't say
5 it, but I assume it means with GTE name tag
6 and also wearing GTE approved attire. Is that
7 right?

8 A. Yes.

9 Snyder Direct Services, Inc.,
10 Consumer Field Markets, Training and
11 Performance Development.

12 Q. Let me ask you to turn to page
13 18259.

14 A. I don't have that one. What was the
15 number again?

16 Q. 18259. You should.

17 A. The first one I have is 256, 275.

18 Q. You can look at mine, if you like.

19 MR. WOFFORD: These must have gotten
20 out of order.

21 THE WITNESS: Well, we've got several
22 pulls from different places; but I don't
23 see it generally in here.

24 BY MR. BECK:

25 Q. Let me just ask you to look at Bates

1 stamped 18259 and ask you if you recognize it?

2 A. I do.

3 Q. What is it?

4 MR. WOFFORD: Here, I've got it.

5 THE WITNESS: It's a preliminary
6 scope that the internal audit department
7 and I put together when we were doing our
8 original planning for the audit.

9 BY MR. BECK:

10 Q. Okay.

11 A. Thank you.

12 Q. This just describes preliminarily
13 what your audit was designed to accomplish. Is
14 that fair to say, or not?

15 A. When we had our initial discussions
16 with the key players, which would have been the
17 people I've already named, Karen Smith, George
18 Wieskopf, Ted Gilmore, what did we want the
19 audit to accomplish. These were a brain dump
20 of activities that we would want to take a look
21 at when we were there.

22 Q. Let me ask you to turn to page 18262
23 and 18263. Ask you if you recognize that
24 document?

25 A. I do.

1 Q. Could you describe what it is?

2 A. It is a letter from Chris Owens, who
3 is the president of GTECC Consumer Markets to
4 four individuals at GTECC related to business
5 ethics/compliance.

6 Q. Let me first ask you about Chris
7 Owens who was then president of consumer
8 markets. What does that encompass, consumer
9 markets?

10 A. At this point in time consumer --
11 GTECC was broken up into a couple different
12 units, and one of them was consumer markets,
13 which was primarily residential sales.
14 Consumer markets were closely assigned with
15 small businesses and residential lines.

16 Q. Is this only GTECC? He's the
17 president of consumer markets for GTECC?

18 A. Yes, I believe so. That was -- it's
19 on the GTECC letterhead, and that's what my
20 recollection is.

21 Q. And that includes Long Distance, does
22 it not, for that segment?

23 A. I don't know how LD, Long Distance,
24 rolled up underneath this at this point in
25 time, March 10, 1998.

1 Q. And there are four people this was
2 sent to. Could you identify each of those four
3 people and what their positions were with the
4 company?

5 A. I'll do what I can. G. Allen, I do
6 not know. J. Bilney would be Jody Bilney;
7 she was in the sales area.

8 Q. Of GTECC?

9 A. Of GTECC.

10 Q. Okay.

11 A. Ted Gilmore which was -- he was for,
12 again, he was in the sales area but he was in
13 -- I believe he was the head of Snyder on the
14 GTECC side. I think he was VP/GM was his
15 title.

16 Q. VP would be vice-president and
17 general manager?

18 A. Yeah. I've got it listed someplace
19 in one of these other documents. In the
20 planning memo I know there was a listing of
21 what his exact title was. I could find it if
22 you'd like.

23 Q. Well, it's not necessary right now.
24 Who's the last person --

25 A. Ted --

1 Q. Oh, I'm sorry. Go ahead, then.

2 A. Ted Gilmore VP/GM, LD Division,
3 Snyder liaison was what we had him as the
4 title.

5 Q. Okay. And LD Division is Long
6 Distance?

7 A. Yes.

8 Q. And he was one of the people in
9 charge of liaison with Snyder?

10 A. Yes, that's how we had him listed.

11 Q. Okay. And who's J. Havens?

12 A. John Havens, again, I think he's in
13 the sales organization. I doubt know his exact
14 title, but I recognize the name.

15 Q. Why is this letter in your -- first
16 of all, is this letter in part of your audit
17 work papers?

18 A. Yes, it was.

19 Q. Why is it there?

20 A. It was planning materials to give us
21 an understanding of what the environment was
22 like, give us an understanding of the
23 regulatory concerns related to these issues
24 related to Snyder.

25 Q. You see there some handwritten notes

1 on the right side of page 18262?

2 A. I do.

3 Q. Could you read them?

4 A. I'll give it my best shot. It
5 starts off, says: Copy to: There's some
6 scratching that looks like a TKE slash. I'm
7 not sure, it could be a Steve or something, I'm
8 not sure.

9 Q. Do you know what the TKE would stand
10 for?

11 A. No, I don't.

12 Q. Can you read the rest of the
13 handwritten notes?

14 A. See note something. I don't know
15 what that word is. We need to look at. And
16 then I can't make out what the rest of this
17 says. I really can't make it out.

18 MR. BECK: At the end of this I'm
19 going to ask for a legible copy of this
20 with the note so I can read it.

21 MR. WOFFORD: I can't read it either.
22 I'm not sure.

23 THE WITNESS: I don't know if we have
24 one. This was -- I remember, from the
25 work papers that this is a copy of a copy.

1 I don't know if anybody still has the
2 original. I don't know. I just know why
3 it was in here was because of the -- the
4 subject matter was related to Snyder and
5 telemarketers as a whole, again, setting
6 us up for what the environment was like
7 for planning information for us.

8 BY MR. BECK:

9 Q. Now, Mr. Owens who was the author of
10 this letter, was he provided the results of
11 your audit?

12 A. I don't remember specifically.

13 Q. Okay.

14 A. He could have had knowledge of it,
15 but I don't know.

16 Q. All right. Let me ask you to turn to
17 the document that starts at page 20907.

18 A. I know I don't have that one.

19 Q. And it's entitled Snyder
20 Communications, Inc., GTE Policies and
21 Procedures Manual. Do you recognize the
22 document that begins at page 20907?

23 A. Generally, yes. I know that we had
24 a couple of Snyder manuals in our work papers
25 that we used as reference material.

1 Q. Where does this document stop, at
2 what Bates stamped page?

3 A. I'll just have to see if they have
4 an index up at the front. I show on 20908 that
5 it has 14 items listed on the table of
6 contents, and that would take us all the way up
7 to 20958, which would be the end, which would
8 be the last end tab is what it looks like. So
9 I would assume that that would probably be, if
10 the numbers are concurrent, that it would be --
11 I think that would be the end point.

12 Q. Okay. All right. And this is part
13 of your audit backup because it's something you
14 used as part of the audit or at least reviewed?

15 A. It is. When we're originally doing
16 the planning for the audit, you know, one of
17 the things we always request is we ask for
18 policies and procedures of what are you
19 supposed to be doing. And this is, for Snyder,
20 one of the backup materials that we obtained.

21 Q. Let me ask you about Bates stamped
22 page 20914?

23 A. Yes.

24 Q. This page covers their policy with
25 respect to representation, is that right, their

1 representation policy?

2 A. That's what it says on the top, yes.

3 Q. What I'd like to ask specifically
4 about is under the operating process on that
5 page, there's a bullet, seventh bullet under
6 Snyder's responsibility. It says: Enforce a
7 dress code that includes usage of GTE branding.
8 And then it lists a series of items. And I was
9 wondering if you could discuss the type of
10 branding that Snyder used that's shown there
11 that would show GTE?

12 A. I don't know the specifics. I could
13 tell you when I did the mystery shop and when
14 we saw different articles around the Snyder
15 offices.

16 Q. Okay. Please do?

17 A. They used the small GTE bug, which is
18 -- it's just the logo.

19 Q. What bug?

20 A. Let me use this for a second.

21 MR. WOFFORD: No, I don't think he
22 wants you to draw.

23 THE WITNESS: Oh, I'm sorry.

24 BY MR. BECK:

25 Q. Just describe it. There's a bug

1 that's the GTE logo?

2 A. It's our logo. It's a little
3 circular, oval picture that has GTE written on
4 it. It's blue and white. That's just what
5 they call it, the GTE bug. I'm sorry.

6 Q. Go ahead.

7 A. Sorry. When we saw that, it was the
8 standard GTE logo that we had on there. It was
9 either blue or white was the standard colors.

10 Q. And where would Snyder use that?

11 A. On the I.D. badge that I remember, I
12 believe that there was a small logo on that
13 badge. They had some promotional materials
14 also that had the GTE logo on it as well.

15 Q. Did the shirt Snyder employees wear
16 have the GTE logo on them?

17 A. The one that I remember from the
18 mystery shop, yes.

19 Q. In fact, their policy says that.
20 That's the first one listed under GTE branding
21 shirts. Is that right?

22 A. Yes.

23 Q. How about caps, have you ever seen
24 Snyder people wear a cap with a GTE logo?

25 A. No.

1 Q. How about shirts or advertisements,
2 did they have a GTE logo that you've seen?

3 A. I did see some promotional materials
4 that, again, had the small GTE logo on them.

5 Q. Any other items listed here where you
6 recall seeing GTE logos?

7 A. The sales booths, Item J. They also
8 had -- they would have banners that would
9 list, you know, have the GTE logo on there and
10 say GTE Long Distance, something like that,
11 when they would set up their booths.

12 MR. BECK: Okay. That's it. Thank
13 you very much.

14 Do you have any?

15 MR. FORDHAM: No questions.

16 MR. WOFFORD: Give me just about five
17 minutes, and I may have a few questions.

18 MR. BECK: Okay. Go right ahead.

19 (A recess was taken at this time.)

20 MR. WOFFORD: Back on the record.

21 EXAMINATION

22 BY MR. WOFFORD:

23 Q. Mr. Weaver, I have a few questions.
24 I want to try and clarify some of your earlier
25 testimony.

1 Can you look at the document that
2 that's been labeled 18536, please?

3 A. Yes.

4 Q. The first line of that document
5 underneath the heading talks about the number
6 of complaints on hand at GTECC sent to Snyder
7 on March 10, 1998, doesn't it?

8 A. Yes.

9 Q. Does that document say anything about
10 the number of complaints received by GTECC on
11 any particular day?

12 A. It's ambiguous. It does not say that
13 specifically.

14 Q. Do you see anything on here that
15 indicates to you affirmatively that any number
16 of complaints were received by GTECC on a
17 particular day?

18 A. It says it was sent to Snyder on
19 3/10/98. It doesn't show how many, if that was
20 from previous days or not. It just shows that
21 they sent 28 documents -- or 28 complaints.
22 I'm sorry.

23 Q. And there's a little asterisk next to
24 that legend, right?

25 A. Yes.

1 Q. And the description of the number of
2 documents sent to Snyder on a particular day is
3 further explained as a day's worth of
4 complaints, right?

5 A. For testing purposes, comma, a day's
6 worth of complaints on hand at GTE (28 on 3/28)
7 was traced to Snyder's log.

8 Q. And that language you've just read
9 refers to the number of complaints sent to
10 Snyder on a particular day, right?

11 A. Again, it's -- they sent 28, and it
12 says it was a day's worth of complaints on
13 hand, but it doesn't say if it was from
14 previous days other than 3/10/98.

15 MR. WOFFORD: All right. That's all
16 I've got.

17 MR. BECK: Let me follow up on that.

18 EXAMINATION

19 BY MR. BECK:

20 Q. You're saying that you would
21 interpret a day's worth of complaints as
22 possibly including more than one day's worth?

23 A. I don't know if they batched
24 complaints and then sent them on a daily,
25 weekly, monthly basis to Snyder. I don't know

1 if this was all from 3/10 or if it included
2 3/9, 3/8, 3/7, other dates.

3 Q. Well, if you were sending a week's
4 worth of complaints, would you call them a
5 day's worth?

6 A. I don't -- again it's -- it says a
7 day's worth of complaints on hand. Now, does
8 that mean it's -- on hand is, I guess, the
9 piece that's a little puzzling. It doesn't
10 clarify specifically.

11 MR. BECK: All right. That's all.

12 MR. WOFFORD: That's all I've got.

13 He wants to read. And we'd like to
14 designate the testimony as confidential.

15 (Thereupon, the deposition was
16 adjourned at 1:35 p.m.)

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E R R A T A S H E E T

Pursuant to Rule 30(7)(e) of the Federal Rules of Civil Procedure and/or Georgia Code Annotated 81A-130(B)(6)(e), any changes in form or substance which you desire to make to your deposition testimony shall be entered upon the deposition with a statement of the reasons given for making them.

To assist you in making any such corrections, please use the form below. If supplemental or additional pages are necessary, please furnish same and attach them to this errata sheet.

I, the undersigned, WAYNE WEAVER, do hereby certify that I have read the foregoing deposition, and that to the best of my knowledge, said deposition is true and accurate (with the exception of the following corrections listed below).

Page ___ Line ___ should read: _____

Reason for change: _____

Page ___ Line ___ should read: _____

Reason for change: _____

1 Page ___ Line ___ should read: _____
 2 Reason for change: _____
 3 Page ___ Line ___ should read: _____
 4 Reason for change: _____
 5 Page ___ Line ___ should read: _____
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 7 Page ___ Line ___ should read: _____
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 9 Page ___ Line ___ should read: _____
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 11 Page ___ Line ___ should read: _____
 12 Reason for change: _____
 13 Page ___ Line ___ should read: _____
 14 Reason for change: _____
 15 Page ___ Line ___ should read: _____
 16 Reason for change: _____
 17 Page ___ Line ___ should read: _____
 18 Reason for change: _____

19
20

Signature

21
22
23

_____, Notary Public.

24
25

This _____ day of _____, 2000.

My Commission Expires:

C E R T I F I C A T E

STATE OF GEORGIA:

COUNTY OF FULTON:

I hereby certify that the foregoing deposition was reported, as stated in the caption, and that the questions and the answers thereto were reduced to the written page under my direction, that the preceding pages represent a true and correct transcript of the testimony given by said witness.

I further certify that I am not of kin or counsel to the parties in the case, am not in the regular employ of counsel for any of said parties, nor am I in any way financially interested in the result of said case.

Dated this _____ day of _____, 2000.

DEBORAH L. SWILLEY, CCR-B-2174.

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
 2 Docket 890362-II
 3 Filed: November 3, 2000
 4
 5 -----
 6 Initiation of Show Cause Proceeding
 7 Against GTE Communications
 8 Corporation for Apparent Violation of
 9 Rule 25-4.11B, F.A.C., Local, Local
 10 Toll, or Toll Provider Selection.
 11 -----

14 "CONFIDENTIAL TESTIMONY"
 15 DEPOSITION OF WAYNE WEAVER
 16 ATLANTA, GEORGIA
 17 NOVEMBER 29, 2000

21 THE MAROTTE GROUP, INC.
 22 CERTIFIED COURT REPORTERS
 23 4400 SKYLAND DRIVE, N.E.
 24 ATLANTA, GEORGIA 30342
 25 (404) 851-8679

24 REPORTED BY: DEBORAH L. SWILLEY,
 25 CCR-B-2174

1 I N D E X

4 WITNESS: WAYNE WEAVER

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16 E X H I B I T S
 17 (None were marked.)

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1 P R O C E E D I N G S

2 Thereupon,
 3 WAYNE WEAVER,
 4 having been first duly sworn, was examined and
 5 testified as follows:

6 E X A M I N A T I O N

7 BY MR. BECK:
 8 Q. HI, good morning. My name is Charlie
 9 Beck, and I'm with the Office of Public
 10 Counsel.

11 Could you please state your name?

12 A. My name is Wayne Weaver.

13 Q. By whom are you employed?

14 A. By Verizon Communications, formally
15 GTE.

16 MR. WOFFORD: Charlie, I should have
 17 mentioned this before, but can we agree
 18 that objections to the -- all objections
 19 except those to the form of the question
 20 are reserved?

21 MR. BECK: Sure.

22 MR. WOFFORD: Sorry.

23 BY MR. BECK:

24 Q. What is your position with Verizon?

25 A. I'm a manager in the internal audit

1 department.
 2 Q. How long have you held that position?
 3 A. I've been a manager for about 18
 4 months now.
 5 Q. What position did you hold before
 6 that?
 7 A. Senior auditor.
 8 Q. How long have you worked for Verizon?
 9 A. About four years.
 10 Q. Do you hold any professional
 11 designations?
 12 A. I have a master's degree, but no CPA,
 13 CIA or any of those.
 14 Q. A master's degree in business or
 15 accounting?
 16 A. It's in accounting with, I guess
 17 you'd call it, a minor in internal auditing.
 18 Q. Have you been an internal auditor for
 19 the entire four years you've been at Verizon?
 20 A. Yes.
 21 Q. What did you do before that?
 22 A. I was an internal auditor with
 23 NationsBank.
 24 Q. About how long did you do that?
 25 A. Two and a half years.

1 Q. When did you receive your master's
 2 degree?
 3 A. In '94.
 4 Q. I'd like to ask you to take a look at
 5 the document that begins at Bates stamped page
 6 17456 and ending at 17462.
 7 A. Through 17462?
 8 Q. Yes.
 9 A. Okay.
 10 Q. Do you recognize that document?
 11 A. Yes, I do.
 12 Q. Could you just briefly describe what
 13 the document is?
 14 A. It is a legal memo that we drafted to
 15 Thomas Parker who was the associate general
 16 counsel at the time related to the Snyder
 17 Direct Services service audit review that we
 18 performed back in 1998.
 19 Q. Does this document summarize the
 20 results of the internal audit that you
 21 conducted?
 22 A. Yes.
 23 Q. What was your role in that audit?
 24 A. I was the lead auditor, the in-charge
 25 auditor on that job.

1 Q. Did you have a number of people
 2 working for you in that position?
 3 A. Yes.
 4 Q. Who was working for you?
 5 A. Andrew Timberlake. Yanira Lajara.
 6 MR. WOFFORD: Spell that.
 7 THE WITNESS: It's Y-a-n-i-r-a
 8 L-a-j-a-r-a.
 9 Let's see. Susan North. I believe
 10 that was it.
 11 BY MR. BECK:
 12 Q. How did this audit come about; in
 13 other words, what caused this audit to occur?
 14 A. There were -- it started with a
 15 request from our regulatory legal department.
 16 I believe the request came through Karen Smith.
 17 Q. What was the request?
 18 A. The request basically was we've been
 19 getting a number of complaints related to
 20 different plans from various sources, and they
 21 wanted us to do some additional investigations.
 22 Q. Karen Smith is a lawyer?
 23 A. She's in our regulatory department.
 24 She was an AVP, I believe, of our regulatory
 25 affairs. I'm not sure what her exact title was

1 at that point in time.
 2 Q. Was it the slapping that had been
 3 occurring with the use of Snyder people that
 4 led to the audit then?
 5 A. Snyder was one of the focal points,
 6 but we had other telemarketing agencies that
 7 were doing -- or were selling long distance for
 8 us. Snyder was just one of them, was one of
 9 the bigger ones.
 10 Q. Were the others audited at the same
 11 time that Snyder was audited?
 12 A. No.
 13 Q. This audit was just focused on Snyder
 14 and it's relationship to Verizon. Is that
 15 correct?
 16 A. Yes.
 17 Q. On page 17456, there are six bullets
 18 about halfway down. It says: The scope of the
 19 review.
 20 Could you briefly describe what each
 21 of those six bullets are and describe how that
 22 was -- how that was part of the review that you
 23 did?
 24 A. Okay. The sales order processing,
 25 basically what we were looking at there was

1 from the point when customer contact was made
 2 through the point when Snyder handed the order
 3 off to GTE or its affiliates, whoever that
 4 would be; that was the main point there. And
 5 what we were doing with those customer orders,
 6 we were looking for key attributes. We were
 7 looking for whether the proper documentation
 8 was maintained on file by Snyder. We were also
 9 looking at certain dates as well as far as how
 10 orders -- when did they start, when they did
 11 leave Snyder, when did they leave different
 12 places. We were doing a time line on these as
 13 well.

14 The next one was the sales
 15 compensation plans. We wanted to take a high
 16 level overview of the sales comp plans to make
 17 sure that there was nothing in the sales comp
 18 plans that was really incenting the salespeople
 19 to alien customers.

20 The next one was the quality control
 21 complaint resolution explanation reporting
 22 processes. That was on the back end of their
 23 order processing, what controls did they have
 24 in place to ensure order quality, order
 25 accuracy. Did they have any sort of follow-up

1 A. Where we looked at that was mainly in
 2 the sales order processing. We wanted to make
 3 sure, if it was a signed delivery or if it was
 4 a telephone call, that they had a third-party
 5 verifier.

6 Q. Go ahead, please.

7 A. The performance monitoring and
 8 measurement. This was really internal metrics.
 9 How many orders did they bring in? How long
 10 did it take to gather those market orders?
 11 Which markets they were coming from? Different
 12 reporting standards that Snyder was supposed to
 13 report to us as GTECC, GTE, whatever.

14 Training, what we wanted to look at
 15 here was for human resources. We wanted to
 16 make sure that -- one of the big concerns that
 17 was raised by our regulatory department was if
 18 someone, a sales associate, on the Snyder side
 19 was caught, that if they had forged a
 20 customer's signature or made up a fictitious
 21 customer, how were they dealt with from a human
 22 resources standpoint? Were they were fired,
 23 basically? What disciplinary action was taken?
 24 We wanted to make sure that that was actually
 25 occurring and we felt was justified, satisfied

1 processes in place?

2 Q. Would that include whether the
 3 signatures on authorizations to change long
 4 distance companies were authentic?

5 A. Were they authenticating -- I'm not
 6 sure I understand the question.

7 Q. Well, whether the signatures on
 8 authorizations to change long distance company,
 9 whether those signatures were actually the
 10 persons who they claimed to be?

11 A. I don't -- I don't think that's what
 12 their department was there to do. I think they
 13 were just there to make sure that there was a
 14 valid signature, yes. But I don't know if they
 15 were looking at it to see if it was that
 16 person's actual signature.

17 Is that where you were going with
 18 that question?

19 Q. Yes. Let's talk plainly about it.
 20 Were they interested in whether some of the
 21 signatures on those forms were forgeries?

22 A. Yes, they were.

23 Q. Okay. Was that part of that review
 24 or some other part of the review where you
 25 looked at that?

1 us.

2 The training and business ethics we
 3 wanted to make sure that in their training
 4 materials they were trained on what the
 5 regulations were, what were good ethical sales
 6 practices and was that covered, basically, in
 7 the training materials.

8 And the last one was logical system
 9 security, which this is kind of a catchall
 10 category to look at their systems and how
 11 information flowed from when it came in the
 12 door until when it left the door.

13 Q. This letter is signed by Mark R.
 14 Smith?

15 A. Yes.

16 Q. Who is he?

17 A. At the time he was the engagement
 18 manager on the job, and he was also acting as
 19 director for -- we had a director that had just
 20 left, and he was about to assume that position.
 21 So he was dual roles on their audit.

22 Q. Was he the person that you reported
 23 to?

24 A. Yes.

25 Q. How did his responsibilities compare

1 and contrast to yours in the audit?
 2 A. Typically a manager on the job has a
 3 more high level role on an audit. The
 4 in-charge of the audit is there in the field.
 5 They are doing all of the work, and they are
 6 supervising the other staff members along with
 7 performing the test.
 8 Q. And that latter aspect was your job?
 9 A. Yes, correct.
 10 Q. Did you help draft this letter?
 11 A. I primarily wrote the letter, yes.
 12 Q. So Mr. Smith reviewed the letter and
 13 made any changes he might make and then signed
 14 it?
 15 A. We -- I wrote the original draft of
 16 the letter. He did make some changes; and we
 17 did discuss any and all changes before he
 18 signed it, yes.
 19 Q. Were there any meetings with Mr.
 20 Parker that you know of where this letter was
 21 discussed?
 22 A. Yes.
 23 Q. Could you describe what those
 24 meetings were?
 25 A. The meeting was we presented the

1 Q. Did you -- after the audit did you
 2 discuss what you found with others?
 3 A. Yes, we had discussions with other
 4 executives.
 5 Q. Could you name who they were and when
 6 those discussions occurred?
 7 A. There was one meeting that I was
 8 involved with; and that was myself, Mark Smith
 9 and George Wieskopf, and I'm not sure of the
 10 last name, but I think it's W-I-E-S-K-O-P-F.
 11 He was the vice-president of finance at the
 12 time and our main point of contact at GTECC.
 13 Q. He was the vice-president of finance
 14 at GTECC?
 15 A. Yes.
 16 Q. And what was --
 17 A. I believe that was his title.
 18 Q. What was the scope of the discussion
 19 that you had with him?
 20 A. This was a meeting that we had as
 21 part of our typical annual planning cycle, and
 22 it was a follow-up for -- I guess it was
 23 probably in November, December of '98, that
 24 time frame.
 25 Q. When you say part of the typical

1 results of the findings that were contained in
 2 this report.
 3 Q. Who was present at that meeting?
 4 A. The one meeting that I'm recalling
 5 was myself, Mark Smith and Tom Parker.
 6 Q. Was it after this letter was sent to
 7 him or at the same time it was delivered?
 8 A. When we delivered the hard copy.
 9 Q. Were there any other follow-up
 10 meetings other than that one with Mr. Parker?
 11 A. Not with Mr. Parker.
 12 Q. Okay. Were there follow-up meetings
 13 with someone else?
 14 A. There were meetings with -- once we
 15 had the meeting with Tom Parker, there were no
 16 more meetings after that. We put that --
 17 basically because of the attorney-client
 18 privilege at that point in time that we were
 19 under, we left it under his control and he was
 20 taking it from there.
 21 Q. Did you ever -- subsequent to the
 22 meeting with Mr. Parker, did you discuss or
 23 present the results of your audit to any other
 24 persons at GTE?
 25 A. We had -- no.

1 annual planning cycle, what does that mean?
 2 A. Throughout the year we have -- our
 3 audit department does a risk-based audit
 4 approach where we speak with the business units
 5 and say what are your riskier bases. These are
 6 the different audit segments that we want to go
 7 do, the different audits that we want to go do.
 8 We present that plan to them, and we discuss
 9 what they want to include or what they want to
 10 throw out. And one of the items that we did
 11 talk about in these planning meetings during
 12 this time frame was what, if any, work we were
 13 going to be doing relating to Snyder Direct
 14 Services.
 15 Q. And what was concluded about that?
 16 A. At that meeting it was put basically
 17 on hold, was the conclusion of any further
 18 follow-up work at Snyder was put on hold.
 19 Q. Why was that?
 20 A. The main reason is our relationship
 21 with Snyder was changing and we didn't -- at
 22 that point in time, no one knew if we were
 23 going to even be able to go back in and review
 24 Snyder again. And we would have done something
 25 in about a year, or something like that, from

1 the time.

2 Q. Are you familiar with GTE terminating
3 Snyder with respect to foot sales in Florida?

4 A. I know that it happened, yes.

5 Q. Was your meeting with Mr. Wieskopf
6 before or after that event?

7 A. I'm not sure. I don't know exactly
8 when foot sales ended with Snyder.

9 Q. Were there any other follow-ups to
10 this audit other than the audit itself and this
11 meeting with Mr. Wieskopf?

12 A. There was an offshoot of the audit
13 that's mentioned in the report, I believe,
14 related to AFMI financial.

15 Q. Describe that?

16 A. The AFMI audit was -- there were
17 concerns raised during the Snyder audit that
18 orders were going to AFMI, they were getting
19 stuck kind of in what was called the black hole
20 at the time, and they were not getting
21 processed for 30, 60, 90 days. There were a
22 lot of processing delays. And then they would
23 show up at GTE and for various reasons they'd
24 get kicked out, some would get processed. So
25 there were concerns that AFMI was holding up

1 yes.

2 Q. Could you describe the basis for that
3 recommendation?

4 A. When we did the testing in
5 California, we felt that the IPH process, how
6 they had it working at that point in time was a
7 best practice; and we felt that they should
8 mirror that in other regions.

9 Q. How did the amount of slugging that
10 was going on in California compare to other
11 areas?

12 A. I don't recall the actual statistics,
13 but my general feeling is that it was lower.
14 I'd have to go back to that point in time to
15 see what the actual statistics were.

16 Q. Let me direct your attention to under
17 the first bullet on page 17460.

18 A. Uh-huh.

19 Q. This says: We recommend that Snyder
20 begin using this process to verify all field
21 sales based on a cost benefit analysis. Do you
22 see that?

23 A. Yes.

24 Q. What cost benefit analysis were you
25 referring to in your letter?

1 the process.

2 Q. Is AFMI an acronym?

3 A. Yes, it is.

4 Q. What does it stand for?

5 A. I believe it's American Financial
6 Network, Inc.

7 Q. And I'm not -- how were orders
8 getting held up in AFMI?

9 A. My basic understanding of the process
10 flow was Snyder would take their orders, pass
11 them electronically to AFMI who would process a
12 segment of those orders for Snyder, or actually
13 for GTE, take those orders and change them into
14 -- get them into our systems, into the GTE
15 systems. So they were a middle man, basically,
16 between Snyder and ourselves.

17 Q. Could you turn to page 17460 of the
18 letter, which is page 5 of the letter?

19 A. Yes.

20 Q. One of the recommendations that you
21 made as part of this audit was to institute
22 third-party verification for Snyder orders as
23 was already being done in Florida -- or in
24 California. Is that correct?

25 A. That was one of our recommendations,

1 A. The basic cost to implement the
2 recommendation, what would it take to -- I
3 believe, at the time what they were actually
4 doing with their field sales reps, where they
5 had, I believe, several cell phones that the
6 field sales would take with them. They would
7 call a third-party verifier. The third-party
8 verifier, they would hand the cell phone over
9 to the customer, and the customer would talk to
10 the third-party verifier where you would record
11 the call. Now, you'd have the cell phones, the
12 usage, all those kinds of things that would go
13 along with that. There would also be the
14 training and the additional paperwork. So
15 these are the costs that are related to
16 implementing that sort of recommendation.

17 Q. And that process was only being
18 engaged in in California for Snyder sales. Is
19 that right?

20 A. Yes.

21 Q. Have you seen any analyses that
22 determine what the cost of that process was?

23 A. No.

24 Q. You were recommending -- were you
25 recommending, then, that such a cost benefit

1 analysis be undertaken?

2 A. Yes.

3 Q. Do you know what the results of that
4 recommendation were?

5 A. Not at this time, no.

6 Q. Have you known at any time what the
7 results of that are?

8 A. No.

9 Q. Do you know whether the company
10 entered into that cost benefit analysis or
11 completed the analysis?

12 A. Not that I know of at this point in
13 time. Well, not that I know of, period.

14 Q. The cost would be the actual -- you
15 could actually calculate a dollar cost per sale
16 to engage in the third-party verification like
17 was being done in California, couldn't you?

18 MR. WOFFORD: Objection, calls for
19 speculation.

20 Go ahead and answer.

21 THE WITNESS: I would assume that you
22 could do that. I have not seen what
23 Snyder's cost structure looks like. Even
24 during this audit, we weren't privy to all
25 that information. So I don't know that I

1 Q. And one of the things you discovered
2 in your audit was that Snyder employees were
3 forging customer signatures; is that right?

4 A. I don't think that we concluded that
5 they were forged signatures. I don't remember
6 drawing those conclusions, not to that
7 strength. I know that we had some letters of
8 agreement that we were concerned -- we had
9 definite concerns about that was the name
10 right, was the name wrong, was it a spouse's
11 name or things of that nature, which I think
12 you could see in the testing. But I don't
13 recall it was coining the term "forged
14 signatures."

15 Q. Did you suspect that there were
16 signatures on -- letters of authorization were
17 being forged?

18 A. My personal suspicions were probably
19 yes.

20 Q. But you're saying you didn't test to
21 see if that was true?

22 A. We tested to see if there were -- if
23 a customer said John Doe, was the signature
24 John Doe. We did not have any way of
25 determining without contacting the customer if

1 could give an opinion on that.

2 BY MR. BECK:

3 Q. But your recommendation was that such
4 a study be conducted to determine what that
5 cost would be; was it not?

6 A. Yes.

7 Q. Now, you mentioned a cost benefit
8 analysis. What would be the benefit side?

9 A. The benefit we believed would be less
10 slapping complaints, or less complaints from
11 customer. It's a more secure process, a better
12 controlled process, in our opinion, because you
13 don't have the paperwork having to get passed
14 around.

15 Q. Did you think that third-party
16 verification would eliminate the forgeries that
17 you had been finding in your investigation of
18 Snyder?

19 A. Could you -- I'm not sure I
20 understand the question.

21 Q. Well, there's the benefit, you know,
22 when you look at the cost benefit, the benefit
23 would be valid sales as opposed to invalid
24 ones; would they not?

25 A. Sure, yes.

1 John Doe signs his name with a big J or a
2 little J. We couldn't tell exactly if that
3 signature was Mr. John Doe's signature or not.
4 We just knew that there was a signature on that
5 piece of paper. That's all we could determine
6 because we were not allowed to contact the
7 customer directly about their order. We had to
8 look at historical information.

9 Q. So you suspected that there were
10 forgeries being engaged in by Snyder, but you
11 didn't check to see if those signatures were
12 authentic on authorizations?

13 A. I don't know how we could have.

14 Q. How would you determine -- or did you
15 try to determine whether the signatures were
16 actually that of the person whose signature it
17 purported to be?

18 A. Without contacting the customer, I
19 don't think -- I cannot think of a way we would
20 be able to authenticate that signature unless
21 we ask the customer to sign a piece of paper in
22 our presence and then we compared that to the
23 LOA. That's the only way that I could have
24 determined, you know, with reasonable assurance
25 that these two signatures matched; and we did

1 not have the ability to go back to the
2 customers.

3 Q. Okay. So did you or did you not as
4 part of the audit determine whether signatures
5 were authentic on letters of authorization?

6 A. To the extent possible we made sure
7 that they were good signatures, yes.

8 Q. That was one of the items you tested
9 for, then?

10 A. We tested whether there was a
11 signature on the forms, yes.

12 Q. I'm not sure we're getting caught up
13 in semantics or not.

14 MR. WOFFORD: I think you two are
15 talking past each other.

16 THE WITNESS: Maybe I can try to
17 explain a little bit. We are seeing a
18 historical document and that this
19 transaction occurred at a distant location
20 and it has been forwarded from a field
21 salesperson up through the ranks and it is
22 -- we have got a photostatic copy of it
23 sitting in front of us right now when
24 we're doing our testing.

25 And what we can verify at this point

1 that we did have as concerns, those were
2 forwarded on to both Snyder and to our
3 regulatory affairs people. And the
4 intentions were for them to go ahead and
5 follow up on any of the ones that we had
6 questions or concerns about.

7 Now, if they subsequently contacted
8 customers and they were asking for
9 independent verification of their
10 signatures by having the customer sign
11 another piece of paper, I don't know.

12 BY MR. BECK:

13 Q. Okay. In your response you mentioned
14 that you were on very tight time constraints, I
15 believe, in completing this audit?

16 A. Yes.

17 Q. Was there a pending business decision
18 that required those tight time constraints?

19 A. Yes.

20 Q. What was the pending business
21 decision?

22 A. I think the continuing relationship
23 with Snyder. What our relationship was going
24 to be with Snyder was the decision.

25 Q. Does that mean whether you were going

1 in time is we can verify on that sales
2 order, we can see if it says John Doe and
3 then we can see if John Doe actually
4 signed it, we see if he spelled out his
5 name.

6 But without contacting that customer
7 and saying can you send me a faxed copy of
8 your signature or can you come down and
9 sign a piece of paper for me so that I can
10 actually compare it to this historical
11 signature, there's no way that I can
12 authenticate that signature by the
13 definition that I think that you're trying
14 to get at. There was no way for us to go
15 about doing that.

16 I mean, we had one -- one, we had
17 restrictions from both our side and from
18 the Snyder side that were saying that, you
19 know, minimize customer contact at all
20 costs kind of things. And then there were
21 also restrictions from, you know, our side
22 that we needed to get this done within a
23 very short period of time as well.

24 So with all of those constraints, we
25 did what we could do. For those items

1 to fire them or not, in plain language?

2 A. I believe so, yes.

3 Q. And the higher-ups, the people who
4 caused this audit to happen, wanted the audit
5 results so they could make that determination.
6 Is that right?

7 A. That was one of the pieces of their
8 -- yes.

9 Q. Do you know who was responsible for
10 making that decision on whether to terminate
11 the relationship with Snyder or not?

12 A. It would have been the GTE
13 communications corps, GTECC executives. That
14 would have been George Wieskopf, as I mentioned
15 before. I believe -- I'm trying to think who
16 the president was at the time. I think it was
17 Butch Bircher who was the GTECC president at
18 that point in time. They had changed over
19 several times, but those would have been the
20 key players.

21 Q. Did anybody ask you to discuss
22 whether the relationship should be terminated
23 or not?

24 A. Not directly. They didn't ask for my
25 opinion of should we terminate with Snyder or

1 not.

2 Q. Did they do so indirectly?

3 A. They wanted to know about the general
4 working relationship between Snyder and
5 ourselves and, you know, good points, bad
6 points. They wanted to know those kind of
7 things that were, I think, additional
8 information for them to make their decision.

9 Q. What was your recommendation on those
10 points?

11 A. The recommendation, as I remember,
12 from the audit department as a whole, not just
13 mine independently, was that there were
14 problems with Snyder and that, you know,
15 something needed to be done with the
16 relationship, either terminate it or downscale
17 it or change the way we do business with them.

18 Q. When you say there were problems with
19 Snyder, can you generally state what those
20 problems were?

21 A. Well, going into the audit, we had --
22 I mean, before we even kicked off that, when
23 regulatory and GIECC had brought us in to
24 actually prepare us for going to Snyder and
25 doing some of the audit work and whatnot, they

1 upon to begin with.

2 Q. Agreed upon as a problem, you mean?

3 A. Yes. It was -- it's a known risk.

4 And if everybody agrees it's a risk, why spend
5 limited resources going after a known risk that
6 everybody knows and is trying to fix? That was
7 kind of the thinking.

8 Q. The known risk being the fraudulent
9 sales?

10 A. By field sales, yes.

11 Q. Let me return a little bit to the
12 cost benefit analysis for third-party
13 verification. You communicated that to Mr.
14 Parker; did you not?

15 A. Yes.

16 Q. What was his response to your
17 recommendation on that?

18 A. I believe it was positive.

19 Q. That he thought that that was
20 something that should be done?

21 A. Yes.

22 Q. How about, did you mention that to
23 Mr. Wieskopf in your meeting with him?

24 A. Yes, the whole report we discussed at
25 length with different people in the regulatory

1 had -- we had a large meeting of different
2 people, a big conference call, basically.

3 And one of the things that was
4 discussed was they realized that there were --
5 from the field sales standpoint, there were
6 some control weaknesses that were causing
7 fraudulent or inaccurate LOAs to come through
8 from the sales side, and that was kind of
9 agreed upon.

10 Snyder folks were on the phone, GIECC
11 folks were on the phone, regulatory and audit
12 were all there together. And this is kind of a
13 pre-planning meeting. So field sales was one
14 of those items that was a known problem, and
15 that was one of the main focuses of the review
16 before we even really got started in the audit.

17 When we started in the audit, we
18 wanted to make sure we looked at field sales
19 because that was such a problem. But because
20 everybody agreed it was a problem and Snyder
21 was doing fixes as we were in doing the audit,
22 they had changed their process, they were doing
23 massive number of things, we didn't go out and
24 look at the Snyder field sales probably as much
25 as we would have done had this been not agreed

1 and in the executive levels of GIECC. Like I
2 said, George Wieskopf was our primary contact
3 at that; but the distribution on the report was
4 fairly small.

5 Q. Let me ask you what the distribution
6 was on the report?

7 A. I don't know what Mr. Parker did with
8 it, but he asked us to discuss that with George
9 Wieskopf.

10 Q. How to distribute your audit?

11 A. No. He asked us to go over the
12 findings, make sure that we had discussed that
13 with GIECC personnel.

14 Q. Was that at or about the time of your
15 letter to Mr. Parker?

16 A. Yes.

17 Q. So your discussion with Mr. Wieskopf
18 was somewhere around the May 11th, 1998, time
19 frame?

20 A. Yes.

21 Q. And what was his response to the
22 recommendation on third-party verification?

23 A. Mr. Wieskopf?

24 Q. Yes.

25 A. Again, generally agreeable and that

1 sounds like a good thing to do, is the overall
2 opinions that I remember.

3 Q. You said you had meetings with
4 various regulatory people and others concerning
5 your audit?

6 A. We had -- part of our normal process
7 for going through an audit or a review of this
8 nature is that whenever we have any kind of
9 finding or concern or whatever it might be, an
10 observation, we will kind of leave it in draft
11 form, not the report or anything like this,
12 this is a very finalized document, we'll go
13 discuss it with key personnel. And we'll do
14 that throughout the audit and make sure we have
15 the finding right, make sure that we didn't
16 miss something or we misunderstood something.
17 So we call that our clearing process. We will
18 clear those findings with them.

19 And part of that, we would have
20 weekly status meetings that were requested not
21 only by Snyder but also by the GIECC folks and
22 also regulatory. Regulatory meaning Karen
23 Smith, primarily; she was our key contact. At
24 those meetings we discussed our status of the
25 audit.

1 Q. So you had weekly meetings while you
2 were conducting the audit. Is that right?

3 A. I think there were two meetings,
4 that's my general recollection, because of the
5 short time span of this audit.

6 Q. And do you recall was Karen Smith at
7 these meetings?

8 A. I know she was at one of them, but
9 I'm not sure if she was at all or both.

10 Q. Who else attended these meetings?

11 A. I'm not sure of the exact names. I
12 know that, generally speaking, the audit team
13 was there. There was usually a representative
14 from Snyder, a representative from GIECC and a
15 representative from regulatory.

16 Q. Do you know who the GIECC
17 representatives were at the meetings?

18 A. Not specifically. I know who the
19 major players were, but I don't know if they're
20 always the ones that came to the meeting or
21 not.

22 Q. Karen Smith is a major player?

23 A. On the regulatory side, yes.

24 Q. How about on the non-regulatory side,
25 the business side?

1 A. That would have been -- I mean, our
2 key players would have been -- I believe his
3 name is Michael Lyons, and the other person was
4 Ted Gilmore.

5 Q. Now, besides Mr. Parker and Mr.
6 Wieskopf, with whom else did you discuss your
7 recommendation concerning third-party
8 verification?

9 A. The recommendation was discussed at
10 these meetings and before it was finalized in
11 the report that you see. And that included the
12 same, somebody from Snyder, somebody from
13 GIECC, somebody from -- audit was there and
14 usually regulatory as well.

15 Q. You mentioned that Mr. Parker
16 responded favorably to your recommendation?

17 A. Yes.

18 Q. And Mr. Wieskopf responded favorably
19 to your recommendation. Is that right also?

20 A. Yes.

21 Q. Did anybody ever respond negatively
22 to your recommendation?

23 A. Not to my knowledge.

24 Q. Did anybody ever respond any way
25 other than positively?

1 A. Not to my knowledge.

2 Q. Besides Mr. Wieskopf and Mr. Parker,
3 do you recall any other persons who you
4 discussed that recommendation with?

5 A. Other than the ones that had already
6 been mentioned? I mean, somebody --

7 Q. Karen Smith?

8 A. Karen Smith. Somebody I -- I could
9 speculate who we talked with at Snyder, but I
10 know we probably had that conversation with
11 him, but I don't remember it specifically. I
12 also remember talking with different people in
13 the audit organization. I mean, we talked with
14 Jolene Modean who was the incoming
15 vice-president of audit. She was the top
16 person in audit. Also Mark Smith and the audit
17 team as well. But from an outside standpoint,
18 I think those were the key players.

19 Q. Do you know whether Karen Smith is
20 still with GIE, Verizon?

21 A. I believe she is. That's -- I'm not
22 100 percent sure.

23 Q. You don't know what her position
24 would be now?

25 A. No, I really don't.

1 Q. And I'm sorry. She was the
2 vice-president in regulatory?

3 A. She was an AVP or a VP. I'm not sure
4 which at that point in time. And she was in
5 the regulatory -- it was either regulatory
6 compliance, regulatory affairs, something like
7 that, but I don't know specifically.

8 Q. And what was her particular interest
9 in the audit of Snyder?

10 A. They had a number of complaints that
11 had come through, and a lot of them had
12 Snyder's name on them. And because of the
13 number of complaints that had happened, she
14 felt that we needed to go do an audit of them.
15 Again, she was kind of the driving force;
16 herself and Tom Parker were working together to
17 kind of be the driving force behind the audit.

18 Q. To your knowledge, your
19 recommendation concerning third-party
20 verification was never implemented. Is that
21 true?

22 A. To my knowledge, no.

23 Q. Do you have any idea why?

24 A. I believe that we were ending our
25 relationship with Snyder. And to implement

1 believe that your recommendation was never
2 implemented, that you know of?

3 A. Not that I know of, no.

4 Q. As part of the audit, you performed a
5 series of mystery shoppers at Snyder field
6 sales events. Is that right?

7 A. We performed some, yes.

8 Q. Could you describe what the purpose
9 of that was?

10 A. The primary purpose of the mystery
11 shops was to get us acquainted with what was
12 going on at a Snyder field sales location.

13 Q. And by mystery shoppers, someone
14 would appear but it would be unknown to
15 salespeople that you were actually auditing?

16 A. Yes.

17 Q. You actually conducted one of them,
18 didn't you?

19 A. Yes, I did.

20 Q. We'll get to that later.

21 Other than what you've already
22 discussed, were there any other follow-ups to
23 this audit of Snyder?

24 A. There was not a follow-up audit of
25 Snyder, no.

1 something of, you know, a process change
2 nation-wide like this, it wouldn't just take a
3 -- it would take several months to get it
4 rolled out, get it up and working in all
5 locations. And I don't -- and from the
6 discussions that we had with Mr. Wieskopf in
7 the November, December time frame, again, we
8 were kind of put on hold for stuff. And
9 subsequent to that we found out that we were
10 ending our relationship with Snyder.

11 Q. Your recommendation was made no later
12 than May 11th of 1998?

13 A. Right.

14 Q. Which is the date of your letter to
15 Mr. Parker; is that right?

16 A. Correct.

17 Q. And your relationship with Snyder
18 foot sales wasn't terminated for at least
19 another six months. Isn't that right?

20 A. I don't know when it was terminated.
21 I don't know when the Snyder foot sales was
22 terminated. I don't know the exact date of
23 that.

24 Q. Other than what you've already
25 described, is there any other reason you

1 Q. But were there any other processes
2 other than what you've already discussed?

3 A. Not that I remember, no.

4 Q. Did you discuss the results of your
5 audit with Snyder as well?

6 A. Yes. As part of the clearing
7 process, we were talking with Snyder. They
8 were at those clearing meetings.

9 Q. Let me ask you to turn to page 6 of
10 the letter which is Bates stamped page 174617

11 A. Okay.

12 Q. You have a number of bullets on this
13 page --

14 A. Uh-huh.

15 Q. -- that describe the results of a
16 substantive test of Snyder sales orders. Is
17 that right?

18 A. Are you talking -- page 6, I mean,
19 you were just looking at a different page than
20 I was.

21 Q. Right, the bottom of page 5 that
22 leads into page 6?

23 A. Yes.

24 Q. And then on page 6 you have some of
25 the results of those. You describe some of the

1 results of some of those substantive tests. Is
2 that right?

3 A. Yes.

4 Q. For example, the fourth bullet says
5 that on 38 of 68, or 56 percent, of the orders
6 did not have one of the following identifiers
7 on the LOA, Social Security number, driver's
8 license number or date of birth. Is that
9 right?

10 A. Right.

11 Q. Of those field sales?

12 Was that -- I mean, is that a
13 problem? Didn't you think that was kind of
14 unusual to have that kind of failure rate?

15 A. That high failure rate, yes, I would
16 have said that that was noteworthy. And again,
17 their processes were changing and that's why
18 the identifier was -- that was supposed to be a
19 new fix, but their processes had only been in
20 -- the new processes had only been in place for
21 a short period of time.

22 Q. Let me ask you to turn to page 17672,
23 which is a different document.

24 A. 17672. Are we done with this one
25 here?

1 documents that go into it.

2 Q. So the Bates stamps subsequent to
3 17683 are, what, support for the planning memo?

4 A. Some of them, yes. Let me just kind
5 of thumb through here.

6 Q. Sure.

7 A. They would have stopped at 17707.

8 That would have been the end of the supporting
9 materials for the planning memo.

10 Q. Is the planning memo something that
11 you prepared?

12 A. Yes, it is.

13 Q. Could you turn to Bates stamped page
14 17677?

15 A. 677, yes.

16 Q. Could you turn your attention to the
17 place where it says special note?

18 A. (Witness nods head.) Okay.

19 Q. Okay. You see where it says: This
20 review involves a number of big players, and
21 the term "big players" is in quotes?

22 A. Yes.

23 Q. What did you mean by big players?

24 A. I listed the following names, those
25 being the key players or the big players.

1 Q. Yes, for now.

2 A. Okay. I'll just keep it off to the
3 side, then.

4 Q. Do you recognize this document?

5 A. Yes, I do.

6 Q. Could you state what it is?

7 A. It is a planning memo. It is the
8 document that we prepare for before we go out
9 and do an audit that kind of lays out the
10 logistics: What are we going to cover, how are
11 we going to do it, where are we going to be
12 staying, basic planning information for the
13 audit.

14 MR. WOFFORD: Charlie, just so we
15 know we're talking about the same
16 document, can you give me the inclusive
17 Bates numbers of the documents?

18 MR. BECK: We've -- I was about to
19 ask that.

20 BY MR. BECK:

21 Q. The planning memo, does that go
22 through Bates stamp 17683?

23 A. One second.

24 It goes through 683 is the typed
25 document, yes. And then there were supporting

1 meaning that there was -- this was a high
2 profile audit and a lot of people were
3 watching; therefore, we need to maintain, you
4 know, high levels of professionalism.

5 Q. George Wieskopf, you've already
6 mentioned; he was one of the big players?

7 A. Yes, he was. He was our key contact
8 at GTECC.

9 Q. And you've mentioned Tom Parker who
10 is with the legal counsel?

11 A. Yes.

12 Q. How about Bill Edwards, what was his
13 role with respect to the audit?

14 A. At this point in time I think he was
15 the controller of GTE, of the GTE telephone
16 operations at that point in time. He was
17 administratively internal audit's boss. That's
18 who internal audit reported up to, ultimately.

19 Q. Was he involved in any way in the
20 audit?

21 A. He knew of the audit, and he had been
22 in discussions with Tom Parker and Karen Smith
23 to kind of get things kicked off.

24 Q. Do you know whether the results of
25 the audit were provided to him?

1 A. I don't remember.
 2 Q. Did you have any meetings with him?
 3 A. Not me personally.
 4 Q. Do you believe that if there were,
 5 they would be with either Karen Smith or Tom
 6 Parker, then, would have discussed this with
 7 him?
 8 A. Yes.
 9 Q. Who is Larry Zydou?
 10 A. Larry Zydou.
 11 Q. Zydou?
 12 A. At the point in time, he was our
 13 acting assisting controller, auditing. He was
 14 the top person in auditing, and he was also an
 15 audit director. He was fairly new to the
 16 department, but --
 17 Q. What role did he play in the audit?
 18 A. Fairly minimal. I mean, he was
 19 fairly new. He came in, I think, during the
 20 audit, as I remember. He was put on as acting
 21 during the middle of it. And his was more of
 22 just a review. He knew of the audit, what the
 23 findings were, had seen a copy of the legal
 24 letter that was sent out.
 25 Q. Did you ever discuss the audit with

1 Q. Let me ask you briefly about a
 2 document Bates stamped 18274.
 3 MR. WOFFORD: Just the one page,
 4 Charlie?
 5 MR. BECK: The document that goes
 6 through -- or this is a letter that's
 7 three pages long going through Bates
 8 stamped 18276.
 9 BY MR. BECK:
 10 Q. I'd like to ask you if you recognize
 11 that document?
 12 A. I do.
 13 Q. Could you briefly describe what it
 14 is?
 15 A. Is it an audit report from an audit
 16 of GTE Long Distance in 1997.
 17 Q. Were you personally involved in that
 18 audit?
 19 A. No.
 20 Q. That's an audit different than the
 21 one you conducted on Snyder; is that right?
 22 A. Yes.
 23 Q. But as part of your audit at Snyder
 24 did you review this audit?
 25 A. We reviewed the report for the

1 him?
 2 A. Yes.
 3 Q. What were your discussions with him
 4 about the audit?
 5 A. Just like with the other remaining
 6 audit department members. We just talked about
 7 what we found, what we did, those kind of
 8 things, what our recommendations were.
 9 Q. What was his response to that?
 10 A. I don't remember specifically. But,
 11 you know, generally, you know, if he had a
 12 problem with it he wouldn't have let the report
 13 go out the door. I mean, that's just generally
 14 their role, so.
 15 Q. Did you discuss your recommendation
 16 concerning third-party verification with him?
 17 A. I'm sure we did. I don't remember it
 18 specifically; but, I mean, we discussed the
 19 whole report with him.
 20 Q. And do you recall his response?
 21 A. Not -- not specifically, no.
 22 Are we done with the planning memo?
 23 Q. I think for now. I don't want to
 24 guarantee it, but.
 25 A. Okay. I'll set it aside, then.

1 findings as part of our planning process.
 2 Q. Let me ask you on the first page of
 3 this letter, toward the bottom, it says: In
 4 our opinion the controls addressed within the
 5 scope of our audit are inadequate?
 6 A. Yes.
 7 Q. Are you familiar with that -- that
 8 opinion that's in the letter?
 9 A. That's our typical opinion for --
 10 that's our worst opinion for when we issue a
 11 report.
 12 Q. And when you did your audit of
 13 Snyder, you were aware of that opinion that had
 14 been made in this earlier audit of GTE Long
 15 Distance. Is that right?
 16 A. I was aware of it, yes.
 17 Q. What impact did that have on your
 18 audit of Snyder, if any?
 19 A. I don't know of any. I don't know
 20 that it had any impact, really. I know that we
 21 looked at this audit as a reference tool to
 22 help us understand the process, to help us make
 23 sure that we're testing the right things,
 24 because they had done a lot of the preliminary
 25 work back in June of '97 or even earlier that

1 we used again as a reference source.
 2 Q. Let me ask you to turn to Bates
 3 stamped page 18483.
 4 MR. WOFFORD: What's the full range?
 5 MR. BECK: I'm not sure.
 6 MR. WOFFORD: It begins with 18483.
 7 BY MR. BECK:
 8 Q. Do you recognize the document that's
 9 Bates stamped page 18483?
 10 A. Generally, yes.
 11 Q. And it says Lead Memo at the top;
 12 does it not?
 13 A. Yes.
 14 Q. Can you describe generally what a
 15 lead memo is?
 16 A. A lead memo is our base document, our
 17 work paper. It's where we document our
 18 testing, a specific piece of the testing, let's
 19 say.
 20 Q. And is this part of a larger
 21 document? I was wondering if you could
 22 identify the pages that would consist --
 23 A. It has two pages. With this lead
 24 memo there are two pages, 83 and 84.
 25 Q. That's 18483 and 18484?

1 A. Yes. Those are the two that really
 2 go together. And then there would be -- if
 3 there would be anything it would be B-11 dot
 4 anything else at the top of the page here.
 5 Q. All right.
 6 A. And then there would be -- those
 7 would be associate documents. But I don't see
 8 that on the next set of Bates stamps, so I
 9 don't know if they're out of order or whatnot.
 10 But these are the only two that really kind of
 11 go together.
 12 Q. All right. At the bottom of the page
 13 under Findings, Condition Issue, it states
 14 that: No standardized and formalized process
 15 is in place for the forwarding and handling of
 16 complaints to Snyder. Do you see that?
 17 A. Yes, I do.
 18 Q. Could you describe in a little bit
 19 more detail what the problem is that that
 20 addresses?
 21 A. That we found at that point in time?
 22 Q. Yes.
 23 A. The basic finding that we had was
 24 that complaints would come in from various
 25 sources and there was no central point to take

1 those in, handle them and make sure that they
 2 got resolved adequately. That was our biggest
 3 concern, biggest problem. There were multiple
 4 places, people, whatnot. I mean, there was --
 5 Snyder had a complaint piece, GTECC had a
 6 complaint piece, so on and so forth.
 7 Q. On the top of the next page, which is
 8 Bates stamped page 18484, there's an area that
 9 says "risk high". Are there various
 10 descriptions of risk; are there various
 11 categories of risk that you can ascribe to a
 12 practice?
 13 A. Yes. Low, medium and high.
 14 Q. Okay. And the high then is the
 15 highest risk?
 16 A. Correct.
 17 Q. And it says: Lack of formality may
 18 result in either untimely resolution or lack of
 19 correction of unethical sales practices. Is
 20 that right?
 21 A. Yes.
 22 Q. And do you agree with that?
 23 A. That is the risk of not being able to
 24 track some of these things.
 25 Q. Let me ask you to turn to page 18495?

1 A. Yes.
 2 Q. This is a lead memo for a section of
 3 the audit described as B-12. Is that right?
 4 A. Yes.
 5 Q. And you recognize this, this lead
 6 memo?
 7 A. Generally, yes.
 8 Q. And then: The objective of this memo
 9 is to ensure that customer complaints are being
 10 handled properly and in a timely manner; is
 11 that right?
 12 A. Yes.
 13 Q. And then under Source there are a
 14 number of what look like subsections to me, is
 15 that what you could describe that? Or what
 16 would you describe that as?
 17 A. The B-12.1 through B-12.10, these are
 18 supporting documents that support this document
 19 or would be referenced in this document.
 20 And if you look at 18499.
 21 Q. Yes.
 22 A. Just as an example, the way we
 23 cross-reference our -- the work papers, B-12.1
 24 would be the summary of test work. And up at
 25 the top of this document you'd see handwritten

1 B-12.1. That would show that these are the two
2 documents that the two are pointing towards or
3 referencing each other.

4 Q. Okay. Okay. Let me go back again to
5 those lists of the subpoints?

6 A. Yes.

7 Q. B-12.1 is a summary of test work?

8 A. Yes.

9 Q. B-12.2 is a log of all complaints for
10 unauthorized switching on hand at Snyder?

11 A. Yes.

12 Q. Okay. How did you determine, you the
13 auditors, complaints of unauthorized switching
14 on hand at Snyder?

15 A. If a customer would call in to Snyder
16 and say that I had been slanned or I have a
17 complaint or whatnot, they would log it; and it
18 was supposed to make it on this log.

19 Q. Let me backtrack again here to
20 B-12.1, which is the summary of test scores?

21 A. Yes.

22 Q. And you referred me earlier to page
23 18499 as a place where that summary of test
24 work starts. Is that right?

25 A. Yes.

1 Q. Let's look at the sample, which is on
2 Bates stamped page 18499?

3 A. Yes.

4 Q. There are a number of -- or one of
5 the first columns is BTN?

6 A. Yes.

7 Q. What does BTN stand for?

8 A. Billing telephone number.

9 Q. And there are a number of 305 area
10 code numbers listed there; is that right?

11 A. I see about five, yes.

12 Q. Are there six?

13 A. I'd have to count them, one -- I got
14 seven. Item number 5 and then items 13 through
15 18.

16 Q. Okay. Seven area code 305s?

17 A. Yes.

18 Q. And also one item 19 in the area code
19 407; is that right?

20 A. Yes.

21 Q. And all those area codes are in
22 Florida; are they not?

23 A. I'm not sure.

24 Q. Well --

25 A. I just don't know.

1 Q. And to which page does that extend,
2 the summary of test, or B-12.1?

3 A. I think that's the only one. Let me
4 just double check.

5 That's what it looks like. It's just
6 one page.

7 Q. What would be on the next page, then,
8 on Bates stamped page 18500?

9 A. B-12.2, which would be the next
10 cross-referenced document, which would be the
11 log of all complaints for unauthorized
12 switching on hand at Snyder.

13 Q. How do these relate, the 12.1 and
14 12.2?

15 A. I believe 12 point -- let me just
16 make sure, hold on.

17 12.2, B-12.2 was the Snyder listing
18 of complaints, and that was used to pick a
19 sample for testing.

20 Q. Is the sample on 12.1?

21 A. Yes.

22 Q. So 12.1 is a sample of those that are
23 listed on 12.2?

24 A. Correct. We took a sample of 25
25 items.

1 Q. All right. Well, in any case, if we
2 combine 305 and 407, we have eight of those
3 that are in either of those area codes --

4 A. Yes.

5 Q. -- out of your 25?

6 Now, let's just take one, just take
7 the first one, for an example. All right.
8 That's line 5 for the 305-6S1-6S13?

9 A. Yes.

10 Q. Okay. This, again, comes from a
11 subsection of all those complaints that were
12 received by Snyder?

13 A. Yes.

14 Q. And are these the only complaints
15 about unauthorized changing?

16 A. I don't remember exactly. I don't
17 know if they were. I don't remember
18 specifically if it was all just complaints of
19 slanning or complaints of any nature. I don't
20 remember.

21 Q. Let me ask you to direct your
22 attention back to 18495, that page?

23 A. Yes.

24 Q. Doesn't under section B-12.2 say:
25 Log of all complaints for unauthorized

1 switching on hand at Snyder?

2 A. Yes.

3 Q. So these would only be complaints for
4 unauthorized switching. Is that right?

5 A. That's what I'm thinking, yes.

6 Q. Okay. Let's go back to 18499. Could
7 you just read across and tell me what each of
8 those columns mean with respect to that item,
9 as an example?

10 A. Give me just a minute, please, so I
11 can just make sure I'm familiar with this.

12 Q. Sure.

13 A. (Witness reviews document.)

14 Okay. The first, it looks like four
15 columns which include BTM trans date, required
16 date and rep I.D. Those are basic
17 identification so we know what the key time
18 frames were, what the customer phone number was
19 and who was the actual one processing.

20 Q. Is the transaction date the date that
21 the switch purportedly occurred or was
22 purportedly authorized?

23 A. I'm not 100 percent sure but I -- I
24 don't know for sure, but I would say yes.

25 Q. How about the required date; is that

1 date is when that was supposed to happen or
2 when it did happen.

3 Audit by QA was their QA department.
4 Did someone take a look at it from their side?

5 Step A, Test Work Steps A. If you
6 reference down below: The following tests were
7 performed for the columns listed.

8 Do you want me to continue?

9 Q. In other words, I just look to the
10 bottom of the page for those columns A through
11 D to say what they are?

12 A. Yes, sir.

13 Q. Okay.

14 A. And each of the columns will tell you
15 what they verified. And if we had -- in this
16 case you'll see that we had -- there was an E-1
17 in column A.

18 Q. Yes.

19 A. E-1 being that that was an exception
20 that we took. It says see B-12.

21 Field personnel did not resolve
22 complaint within 72-hour time line. That was
23 an internal metric that Snyder had that if a
24 complaint came through that their field sales
25 personnel would have to resolve it within 72

1 what you call that?

2 A. It may be request date. It may be
3 the date the request got processed.

4 Q. Go ahead.

5 A. Again, I'm not sure what each of the
6 dates actually represent at this point in time.
7 I'm sure when we were doing the test we did,
8 but I just don't have anything that shows me
9 what they are, what they mean today.

10 The next one is the action plan,
11 which on this one says Written warning/invest.

12 Q. What does that mean?

13 A. Well, looking at the original B-12.2,
14 looking for that item, the action plan, what
15 Snyder was going to do with it, I assume, is
16 that they were going to issue a written warning
17 to the rep or to someone and then they were
18 going to investigate the change at a further
19 date.

20 Q. And that's for the complaint of
21 unauthorized switching that that action plan
22 was taken?

23 A. I believe so, yes.

24 Q. Go ahead.

25 A. The action plan date was the next

1 hours. That's what the E-1 referenced.

2 And then going across, the different
3 tick marks are, again, down here at the bottom
4 on the right-hand side of that that says:

5 Tested with no exceptions, blah, blah, blah.

6 Q. All right. Now, on the page of the
7 12-2 pages, which I take it are eight pages,
8 beginning at Bates stamp 18500 through 18577?

9 A. 18577? Yeah.

10 Q. And these are a log of all complaints
11 for unauthorized switching on hand at Snyder we
12 discussed earlier. Is that right?

13 A. Yes.

14 Q. What was the time frame covered by --

15 A. Well, just a second. I want to make
16 sure that they're all the same.

17 Q. Sure.

18 A. Yes, it looks like they are all the
19 same.

20 Q. What was the time frame covered by
21 this?

22 A. I don't know for sure. I can tell
23 you what the report shows. I don't remember
24 specifically.

25 Q. All right. Go ahead and tell me what

1 the report shows?

2 A. Up at the top there's a marker that
3 says: CRC complaints (1/1 through 4/8). So.

4 Q. So would that indicate to you that
5 these are the complaints received by Snyder
6 about unauthorized switching during that period
7 January 1 through April 8th of 1998?

8 A. It could be. I mean, those are the
9 only dates that I see. I mean, I don't have
10 anything that tells me one way or the other.

11 Q. Okay. And, of course, this doesn't
12 include any of the complaints received by GTE
13 about slamming; these are only the ones
14 received by Snyder. Is that right?

15 A. I believe so, yes.

16 I don't know if there are duplicates
17 or if this is an independent log; I just don't
18 remember specifically.

19 Q. And if we wanted to know what
20 complaints had been received by Snyder, we
21 could look at the area code of the BTNs to see
22 which ones are Florida, relating to Florida.
23 Is that right?

24 A. I would assume so, yes.

25 Q. Going forward in the documents now,

1 the field up to Snyder headquarters personnel
2 for summarization in this report.

3 Q. This report referring to?

4 A. 18581 -- I mean, 500.

5 Q. All right. Let me see if I

6 understand correctly what this is an example
7 of. These are three -- there are three 305
8 area code numbers listed here. Is that right?

9 A. Yes.

10 Q. And all of them have transaction
11 dates in January, late January of 1998?

12 A. Yes.

13 Q. Is that right?

14 And these are complaints that were
15 received by Snyder of unauthorized switching.
16 Is that right?

17 A. That I'm not sure of. I can tell you
18 what's on here, but I don't remember what
19 specifically this was used for. It looks like
20 this is -- we send this out the door to say
21 here are your complaints that go to your
22 region, and then it's listed by these people up
23 here. That's my understanding.

24 Q. Well, by complaints, wouldn't that be
25 a complaint of unauthorized switching?

1 leaving those behind, page 18519?

2 A. 519? I'm sorry.

3 Q. Yes.

4 A. Okay.

5 Q. This is one of the supporting
6 worksheets. Is that right?

7 A. Let me just familiarize myself.

8 Q. Please tell me what this page shows?

9 A. Give me just a minute, please.

10 Q. Sure.

11 A. What I believe these to be is the
12 actual detailed documents that support the
13 report starting on 500, 18500. Looking at
14 complaint investigation form sent to GSM and
15 returned from GSM with action plan.

16 Q. So these are a portion of the
17 complaints received by Snyder that --

18 A. Yes.

19 Q. -- that you looked at as part of the
20 audit?

21 A. I believe so. I'm trying to just
22 find one and cross reference it.

23 I believe what they are -- I believe
24 what they are is they are supporting documents
25 of the actual action plans that were sent from

1 A. I would assume. I don't know. I
2 really don't know. I just don't remember
3 specifically or not.

4 Q. Well, what other complaints did you
5 look at? Were there others other than
6 unauthorized switching?

7 A. No. I think most of them were all
8 about switching. I just don't remember
9 specifically about this one. If I had to
10 guess, I would say that's what specifically
11 this is. I just -- it doesn't have much on
12 there to give me any indications one way or the
13 other. I'm sorry.

14 Q. I'm just trying to understand what it
15 shows myself.

16 A. But if you -- on 519 you can cross
17 reference item 14, which is handwritten there;
18 and you can cross reference it to page 18502 by
19 the BTN, billing telephone number.

20 Q. And in fact, the 14 means that this
21 is one of the items that was selected for
22 testing?

23 A. Correct. Yes.

24 Q. And we would find this on page 18499,
25 which shows, as I understand it, the subpart

1 portion of the complaints received by Snyder
2 about unauthorized switching that you actually
3 tested for?

4 A. Correct. And it is on there.

5 Q. Okay.

6 A. It's just all the supporting
7 documentation for how we did the test.

8 Q. And just as one more example on the
9 next page, which is 18528.

10 A. Yes.

11 Q. This lists three instances of where
12 the transaction date is in February of 1998 and
13 it involves either the area code 487 or 385?

14 A. Yes.

15 Q. And these are instances where there
16 are complaints of unauthorized switching that
17 Snyder received. Is that right?

18 A. Again, based upon what I see here, I
19 think that that's -- I guess so, yes. I'm not
20 100 percent sure. I'm sorry.

21 Q. Well, again, though, let me -- let's
22 try to tie this down. These are items that you
23 tested for, and it's shown on page 18499.
24 right?

25 A. When we tested we selected from the

1 document is?

2 A. Give me just a second, please.

3 It is a log of escalated complaints
4 sent to Snyder by someone in the GTE Network
5 Services Post Sales Fulfillment Area, Liz
6 Smith.

7 Q. So this is a different area, or these
8 are different complaints than the ones we
9 looked at earlier? These are complaints
10 received by GTE as opposed to Snyder?

11 A. Correct, that's my understanding.

12 Q. And these are the -- this is a log of
13 escalated complaints that were used as the test
14 to see whether all escalated complaints had
15 been received by Snyder. Is that right?

16 A. I believe there was -- just give me a
17 second.

18 Looking back through what this -- can
19 you repeat the question? I'm sorry. I just
20 want to make sure I'm answering the right
21 question.

22 Q. Is it correct that these are the --
23 these are escalated complaints for Snyder that
24 were received at GTE, and they were used to
25 test whether all escalated complaints had been

1 log, which was starting at 18500.

2 Q. Right.

3 A. That log is a log of complaints.

4 Q. Complaints of unauthorized switching,
5 right?

6 A. Yes.

7 Q. Yes.

8 A. Yes. And then from there, these are
9 the supporting detail that make up that log.
10 So, yes, those would be the supporting logs
11 that were sent to the field to the general
12 sales managers and that included their action
13 plans and what they were going to do with them,
14 that would, again, be the follow-up to what got
15 put into this log.

16 Q. Okay. Let me ask you to turn to page
17 18533?

18 A. 18533. I think that's in the next
19 set.

20 Q. I think it goes for three pages, if
21 I'm reading it right.

22 MR. WOFFORD: 18533 through what?

23 MR. BECK: Through 535.

24 BY MR. BECK:

25 Q. I'd like to ask you what this

1 received by Snyder?

2 A. Yes.

3 Q. Now, these were received by Liz
4 Smith's group. Is that right?

5 A. Based on the information -- that's
6 who we got this from. I don't know how they
7 came in the door, but Liz Smith was the keeper
8 of this log.

9 Q. And Liz Smith works for which
10 company?

11 A. At that point in time, by looking at
12 the source information on here, the handwritten
13 note says: We got this from Liz Smith, GTE
14 Network Services, Post Sales Fulfillment, LD
15 Complaints.

16 Q. And this, I take it, is not a
17 complete list of all complaints; it's only
18 those used for testing?

19 A. That, I don't know. I don't know if
20 it's a complete listing or not. I don't know
21 if it was a snapshot or we took a couple -- I
22 mean, there's -- the date is cut off -- start
23 at 2/5/98 and go through 4/7/98. So there
24 could be more before that 2/5/98 date. There
25 could be more after 4/7. I don't know if we

1 took a sample mid course or what we did. I'm
2 just saying this is -- I think this is what we
3 used for testing, yes; but I don't know if it's
4 a complete report.

5 Q. Let me ask you to go through and
6 identify columns with me, if I could. Let's
7 take about the tenth one down, Nadine Frezen.
8 It starts on 2/26 1998?

9 A. Yes.

10 Q. 2/26/98 refers to what?

11 A. The date -- it says date received. I
12 would assume that's the date the complaint was
13 received.

14 Q. And right now we're discussing, just
15 for the record, Bates stamp 18533; is that
16 right?

17 A. Yes.

18 Q. And then that's the person's name
19 that follows that?

20 A. Yes.

21 Q. And that person's telephone number?

22 A. Yes.

23 Q. It says Florida there, for 305 area
24 code; doesn't it?

25 A. Yes.

1 A. Again, I could speculate; but I don't
2 know for sure.

3 Q. The next column is Fraud. Do you see
4 that?

5 A. Yes, I do.

6 Q. And then the response under there is
7 either N or Y; is that correct?

8 A. Yes.

9 Q. And here we have a Y. Is that right?

10 A. Yes.

11 Q. I guess that means yes for fraud; is
12 that right?

13 A. That would be a fair assumption, yes.

14 Q. How was it determined on this page
15 whether or not there was fraud?

16 A. I don't know how they made that
17 determination.

18 Q. Who would have made it?

19 A. Liz Smith or somebody in her group or
20 whoever took the investigation.

21 Q. So these three pages, 18533 through
22 535 came from Liz Smith's group and already had
23 on there yes or no to the column on fraud?

24 A. Yes. This was prepared by her, and
25 we just took this document. These were

1 Q. Next it says OOF. What does that
2 stand for?

3 A. Out of franchise.

4 Q. What does that mean?

5 A. It means it is -- an in-franchise
6 customer is a customer that is already a GTE
7 local phone service customer, that is, in the
8 GTE franchise area. An out of franchise
9 customer would mean that GTE does not have
10 local services or is not the primary ILEC in
11 that area. It's outside of our region.

12 Q. What does the next date, January 15,
13 1998, mean?

14 A. Date signed. I think it's the date
15 that the LOA was signed.

16 Q. The LOA stands for Letter of
17 Authorization?

18 A. Yes.

19 Q. Do you know what the following
20 columns represent?

21 A. Not really. I can speculate, but
22 that's it.

23 Q. Okay. Let me ask you about the -- do
24 you know what the event column, the Event I.D.
25 column means?

1 complaints that had already come in the door.
2 The test that we were looking to do was to make
3 sure that these got forwarded to Snyder
4 accurately.

5 Q. And do you know when this document
6 was provided?

7 A. By Liz Smith?

8 Q. Yes.

9 A. Not a specific date, no; but it was
10 within the audit time frame.

11 Q. The last event listed is, for date
12 received at least, is April 7, 1998. Is that
13 right?

14 A. Yes.

15 Q. And there are marks at the top of the
16 work paper on the first page of 4/14/98. Is
17 that right?

18 A. Yes.

19 Q. So it would be somewhere in that time
20 frame, between the 7th of April and the 14th of
21 April; would it not?

22 A. I would say it's probably even
23 earlier than that.

24 Q. Well, it couldn't be earlier than
25 April 7th, could it?

1 A. Well, I see a 4/8 in here. There's
2 one 4/8. There's a 4/7. I mean, there could
3 be --
4 Q. Okay. So it couldn't be any earlier
5 than April 8th of '98; is that right?
6 A. I would think not, no.
7 Q. Otherwise, you wouldn't have an April
8 8th entry?
9 A. That's good.
10 Q. But we also had a date on the first
11 page of April 14th, 1998, that's handwritten.
12 Is that right?
13 A. Yes.
14 Q. That's an auditor's mark. Is that
15 right?
16 A. Correct.
17 Q. So isn't it fair to conclude that
18 somewhere in the time frame April 8 to April
19 14th, 1998, is when this report was generated?
20 A. Yes.
21 MR. WOFFORD: Well, are you asking
22 when the report was generated or when it
23 was provided to the audit team?
24 BY MR. BECK:
25 Q. Well, let's do both. It would have

1 for tracing of non-escalated complaints, sent
2 to -- sent by GTECC to Snyder.
3 Q. So she was seeing how well Snyder was
4 receiving non-escalated complaints that GTE was
5 sending to them?
6 A. Yes.
7 Q. And does this show that 28 complaints
8 was sent by GTE to Snyder on March 10, 1998?
9 A. Yes.
10 Q. Eight of those 28 did not involve
11 unauthorized switches. Is that right?
12 A. From reading the document, yes.
13 Q. Which means that 20 of them did
14 involve unauthorized switches. Is that right?
15 A. By doing the math, yes, it looks like
16 there were 20.
17 Q. And that's for one day in March of
18 1998; is that right?
19 A. Yes.
20 Q. And it says 43 percent of the
21 complaints -- of these complaints were not
22 received on March 10, 1998. Is that right?
23 A. Yes. There's a slight -- it says:
24 Percentage of complaints not received by Snyder
25 on 3/10/98. I would assume that that's a typo.

1 to be generated on or after April 8th and on or
2 before April 14th, wouldn't it?
3 A. I would think that's reasonable.
4 Because to be able to include an item from 4/8,
5 it would have to be generated on that date or
6 after, and we would have had it before the
7 auditor signed off on it and put the date of
8 4/14/98 on there. That would have been -- they
9 were done with that piece of testing.
10 MR. BECK: Are we okay? I mean, I
11 know this is tedious. Do you want to take
12 a short break?
13 MR. WOFFORD: I'd like to take a
14 short break.
15 (A recess was taken at this time.)
16 BY MR. BECK:
17 Q. Can I ask you to turn to Bates stamp
18 page 18536?
19 A. I don't think I have that one. It
20 should be in the next series, should be the top
21 one. Okay.
22 Q. Could you tell me what this document
23 represents?
24 A. Okay. It's a document prepared by
25 the auditor, Susan North. It is test results

1 meaning not.
2 Q. And the purpose of this test was
3 simply to trace one day's worth of complaints
4 on hand at GTE and trace to see whether they
5 were in Snyder's log. Is that right?
6 A. Yes.
7 Q. And what this found is that 43
8 percent of the complaints were not making their
9 way into Snyder's log. Is that correct?
10 A. 43 percent of the non-escalated
11 complaints, yes.
12 Q. Okay. Let me ask you to turn to
13 Bates stamped page 18537?
14 A. Okay.
15 Q. Do you recognize this?
16 A. Yes.
17 Q. Could you briefly describe what was
18 tested as reflected on that Bates stamped page?
19 A. As I remember, at the point in time
20 that we were doing the work, we were only --
21 Snyder was only contracted to do residential
22 orders, not small business orders. And we had
23 gotten communication from Karen Smith that
24 there were some small business orders coming
25 through and they wanted us to investigate them.

1 And that's the nature of this document, to
2 research and determine cause of small business
3 orders taken before signing of contract with
4 Snyder.

5 Q. Let me ask you to look at that e-mail
6 that's on Bates stamped page 18539.

7 A. Yes.

8 Q. This is an e-mail from Karen Smith.
9 Is that right?

10 A. There's several E-mails here. But,
11 yeah, it's from -- at the top it starts: From
12 Karen Smith to MRS Smith, which was Mark R.
13 Smith. It was sent from Karen Smith to Mark
14 Smith.

15 Q. Then we get down -- this forwarding
16 of e-mails gets down to one that was -- let me
17 get to the substance of the forwarded e-mail,
18 if we could.

19 A. Okay.

20 Q. There are roughly 600 business orders
21 at a time when Snyder wasn't supposed to be
22 doing business orders; is that right?

23 A. Let me just --

24 Q. Sure. Please read that e-mail. If
25 you would. In fact, could you also read the

1 customers; and, two, they are indicating
2 several places that it's slanning.

3 Q. There are about 600 orders that were
4 purportedly for businesses. Is that correct?

5 A. According to the memo, yes.

6 Q. And on page 18539 it says that: The
7 first 30 contacted all were slanned. Is that
8 right? You, being GTE.

9 A. That's what the memo says.

10 Q. And I take it during that time of
11 these 600 business orders, Snyder wasn't even
12 supposed to be selling to businesses?

13 A. Well, I mean, just looking back at
14 some of our documentation, they sold these
15 customers residential plans on business lines.
16 Meaning that you have a B-1 line, a business
17 line versus an R-1 line which is a residential
18 line. And certain plans can be sold on an R-1
19 line that can't be sold on a B-1 line.

20 Without going back into all the
21 details of that, I don't know that I can
22 remember anyway. That, I know, was one of the
23 distinctions. Because we state that in the
24 lead memo on Bates stamp 18537: Were processed
25 with residential plans on business lines. That

1 next Bates stamp as well and then we'll discuss
2 them all.

3 A. Okay. So on the next two pages, 539
4 and 540, were the ones you wanted to look at?

5 Q. Yes, please.

6 A. Okay.

7 Q. And I want you to describe basically
8 what test you did and what the event is that
9 you were looking at as part of the audit.

10 A. From reading this and just my general
11 recollections, what happened in this time frame
12 were we had business orders coming through
13 Snyder that shouldn't have been. They
14 shouldn't have been selling to business
15 customers.

16 Looking at the other information in
17 here, they seem to think that these customers
18 were walk-in customers and they were -- they
19 had business numbers and stuff like that. And
20 the customers through additional follow-up, you
21 know, were -- I'm not sure exactly how they
22 came in the door.

23 Their general contention is that
24 these customers were, one, they shouldn't have
25 been sold by Snyder because they were business

1 was the defining point there.

2 Q. But, in fact, these were all -- these
3 were mostly slans, at least; is that correct?

4 A. According to the memo, yes, that's
5 definitely the indication.

6 Q. And by slans, that means the
7 businesses didn't authorize any of these
8 changes?

9 A. Reading further in the e-mail, that's
10 definitely what the results conclude from this
11 e-mail.

12 Q. And you did tests to determine the
13 cause of small business orders taken before
14 signing of contract. Is that right?

15 A. Let me glance back through this
16 again.

17 What this -- just reading through
18 this e-mail, it's basically documenting what we
19 knew of this problem is what we are doing.
20 It's not really any individual test that we're
21 going through other than just interviewing
22 individuals. If you're looking at the scope,
23 it talks about I.D., which is internal audit.
24 The internal audit department interviewed
25 various individuals to explain the cause and

1 action plan of the orders processed in the
2 e-mail. I.D. spoke with the following people.
3 And we tried to get to the root cause and why
4 they were rejected and any result in customer
5 complaints and what was basically being done
6 about this. This was kind of a follow-up just
7 to make sure that something we knew of is
8 somebody on the Snyder side, is somebody on the
9 GTE side taking care of it.

10 Q. Okay.

11 A. I mean, if you can read on -- if you
12 read on through the memo, you see basically it
13 says, the bottom of that page: Based on
14 conversations with GTE and Snyder personnel the
15 exact cause of this problem is unknown and is
16 likely a combination of both customer and rep
17 fraud. A trend analysis on these orders was
18 completed by Snyder which did not find any
19 significant trends by rep I.D. or location to
20 pinpoint the problem.

21 Q. There's one other e-mail on Bates
22 stamped 18541 through 18542?

23 A. Yes.

24 Q. And this simply describes the results
25 of the 30 test calls made with respect to that

1 793 is the first page. 794 is a
2 blank page. Do you want to keep it in
3 there?

4 BY MR. BECK:

5 Q. Yeah.

6 A. Okay. Give me just a second to
7 familiarize myself.

8 Q. Sure.

9 A. Okay.

10 Q. What I'd like for you to do is
11 describe what the chart shows on page 18795?

12 A. Well, the table provides detailed
13 information regarding payments that GTE has
14 made to Snyder for the months of January
15 through March of '98.

16 Q. Snyder gets paid only when GTE
17 accepts one of its sales; is that right?

18 A. According to the memo, yes. Yes.

19 Q. And this shows that during the period
20 of January through March of 1998, 48.44 percent
21 of the sales Snyder sent to GTE were not
22 accepted. Is that right?

23 A. Yes.

24 Q. Could you generally describe what the
25 cause is of GTE not accepting a sale sent from

1 problem with the business versus residential.
2 Is that right?

3 A. Yes.

4 Q. There are a number of Florida
5 customers listed there in the group; are there
6 not?

7 A. I see a couple, yes. There are
8 several in here that have the Florida State
9 code, FL, listed on them.

10 Q. And they all say slax or likely slax,
11 do they not, for Florida at least?

12 A. All the ones listed with the Florida
13 State code have likely slax listed next to
14 them.

15 Q. Okay. Let's move on. Let me ask you
16 to turn to Bates stamped page 18795. I'd like
17 to ask you about the table that's in the middle
18 of that page and ask you to describe what it
19 means?

20 A. Can I get 18794? It should be the
21 first page of that narrative.

22 MR. WOFFORD: It's blank.

23 THE WITNESS: I'm just looking at the
24 -- there's a Narrative E-2, page 2 of 6 is
25 what's --

1 Snyder to GTE?

2 A. Generally, there could be numerous
3 reasons for why a sale would be rejected. You
4 could have missing customer information. A big
5 one would be, like, the billing telephone
6 number would be wrong. If you miss one digit,
7 if a four looks like a nine, or vice versa,
8 that could throw off your processing because
9 it's very -- billing telephone number is the
10 big key field the system would go off of. If
11 the name and address don't match up with the
12 billing telephone number, if different key
13 fields were off. If you left off -- you could
14 leave off something of what carrier code should
15 be processed with this. If you were switching
16 from AT&T to GTE, you know, if you left off the
17 GTE PIC code, you know, you wouldn't know which
18 -- from a system standpoint, you wouldn't know
19 which one to change it to. A simplistic
20 example.

21 Q. So if an order comes in and has any
22 one of those problems, it won't be accepted by
23 GTE. Is that right?

24 A. Among other things, yes.

25 Q. Don't they get fixed and resubmitted?

1 A. There are places where orders will be
2 recycled. They will be kicked back to Snyder
3 or whoever originated the order and say we
4 don't have enough information to process this
5 order. There could also be other holdups,
6 systematic or otherwise that could be
7 contributing to that number as well.

8 Q. Is this number of 48.44 the -- the
9 48.44 percent unacceptable rate, is that the
10 net number? In other words, that's the number
11 that don't get fixed and are just never
12 accepted?

13 A. It doesn't really say. I wouldn't
14 know for sure. I mean, to say that they've
15 never been fixed or would not be fixed, I don't
16 know if they would get recycled back through or
17 not.

18 Q. On page 18883?

19 A. Let me get there.

20 Q. Okay.

21 A. Okay.

22 Q. These are just other charts showing
23 the same information; are they not?

24 A. It looks like a summary of the
25 activity.

1 You said 18886?

2 MR. WOFFORD: 866.

3 THE WITNESS: 886?

4 BY MR. BECK:

5 Q. It's one of them.

6 And is this your audit program for
7 the mystery, for looking at the mystery
8 shoppers?

9 A. Yes.

10 Q. And what you did as part of this
11 audit is you actually appeared at the field,
12 the sales events that Snyder was attending and
13 you reported back what you saw, basically, is
14 that right, what happened?

15 A. Right. The mystery shops were
16 intended just to get us familiar with what was
17 happening at field events.

18 Q. And I'll just skip around a little
19 bit. Let me ask you about the documents 18883
20 through 18896.

21 A. Okay. I'm looking at 890.

22 Q. Okay. 18893 through 896.

23 A. Okay.

24 Q. Please describe your guidelines for
25 the mystery shopper inspection, if you would

1 Q. And it shows -- at one place it
2 describes them as GTE rejects of Snyder orders.
3 Is that right, one of the charts?

4 A. Yes.

5 Q. Does this help you in being able to
6 answer whether this is the amount that are
7 never, never accepted or not, if you know?

8 A. Not just by looking at it, no. I
9 mean, because it -- I'm just looking at it, and
10 it doesn't say if these ever get reprocessed or
11 not. I mean, if -- for example, the January
12 number of 2,789 rejects of those, did they get
13 recycled or is that 2000 number incorporated
14 into the February number? I don't know, you
15 know. Are there duplicates there and is it
16 just a billing total or what, or is this a
17 continuation of old orders dropping off and new
18 numbers coming on? I don't know.

19 Q. Okay. Let me switch topics a little
20 bit and ask you about the mystery shopper
21 review.

22 A. Where?

23 Q. Let's start at page 18866.

24 A. I don't think I have it. I stop at
25 849.

1 call it that. Is that right?

2 A. Yes.

3 Q. Or the mystery shopper guidelines?

4 A. Yes.

5 Q. And on page, the third page of those,
6 which is 18895, there's a mystery shopper
7 checklist explanation. Is that right?

8 A. Yes.

9 Q. And the first part is Image and
10 Appearance. Is that right?

11 A. Yes.

12 Q. The first one is that: The Snyder
13 sales associates should identify themselves as
14 agents of GTE or representatives of GTE. Is
15 that correct?

16 A. Yes, that's what it says.

17 Q. And so one of the things you're
18 looking for is to make sure the Snyder people
19 represent themselves as GTE and not as Snyder
20 employees?

21 A. That is one of the things we were
22 looking for.

23 Q. And in fact, it specifically states
24 they should not be identifying themselves as
25 Snyder employees. Is that right?

1 A. Right.
 2 Q. And the second thing says: The sales
 3 rep should be wearing a name tag with a GTE
 4 name and/or logo. Is that right?
 5 A. Yes, it is.
 6 Q. So that's another thing you would
 7 look for as a mystery shopper?
 8 A. Right.
 9 Q. And the third thing says: The sales
 10 rep should be wearing Dockers style pants with a
 11 GTE logo shirt or a plain white and blue shirt
 12 that should be appropriate for the event. Is
 13 that right?
 14 A. Yes, it does.
 15 Q. Okay. And that's another thing that
 16 you looked for in your mystery shopper
 17 inspection. Is that right?
 18 A. Generally speaking, yes. Those are
 19 just some general guidelines that we had.
 20 Q. Let me ask you to turn to page 18880.
 21 A. It's right before this.
 22 Q. Sorry.
 23 A. Okay.
 24 Q. Do you recognize page 18880?
 25 A. Give me just a second to get

1 organized a little bit.
 2 Q. Sure. Sure.
 3 A. Yes.
 4 Q. You prepared this document; did you
 5 not?
 6 A. Yes.
 7 Q. And this was a mystery shopper
 8 inspection in Chicago?
 9 A. Yes.
 10 Q. Did you go to Chicago just for this
 11 purpose?
 12 A. Yes, I did.
 13 Q. And you -- one of the things is you
 14 looked to see whether the representatives were
 15 identifying themselves as a representative of
 16 GTE Long Distance, and you answered yes. Is
 17 that right?
 18 A. Yes, I did.
 19 Q. And in fact, that's what happened? I
 20 mean, you went and looked and saw that they
 21 represented themselves as GTE?
 22 A. I went up and talked to this
 23 gentleman.
 24 Q. And he had a GTE logo on his shirt?
 25 A. I believe he had a jacket -- a shirt

1 on, and then he had kind of like a light
 2 windbreaker is what I remember. But I have
 3 written down GTE logo shirt with jacket cover.
 4 Q. Okay. And anyhow, this page and --
 5 is it a two-page report of your inspection of
 6 this person?
 7 A. Yeah, I believe the checklists were
 8 all of two pages.
 9 Q. So it's pages 18880 and 18881 for
 10 your inspection of this person in Chicago. Is
 11 that right?
 12 A. Yes.
 13 Q. As part of your audit, other people
 14 did these in Florida as well; did they not?
 15 A. Yes, they did.
 16 Q. And on 18882, we have one in Miami.
 17 Is that right?
 18 A. Yes.
 19 Q. And in that case your auditor
 20 determined that the representative -- or the
 21 Snyder employee was identifying themselves as a
 22 representative of GTE Long Distance. Is that
 23 right?
 24 A. They circled yes.
 25 Q. Okay. And they were wearing a name

1 tag with a GTE name on it. Is that correct?
 2 A. They circled yes again to that
 3 question.
 4 Q. So was your answer yes to my
 5 question?
 6 A. Yes.
 7 Q. And on page 18886, we have another
 8 mystery shopper in Miami. Is that right?
 9 A. Yes.
 10 Q. And again, during this inspection,
 11 they found that the representative identified
 12 themselves as representatives of GTE Long
 13 Distance and they were wearing a name tag with
 14 a GTE name on it. Is that correct?
 15 A. That's how they indicated on this
 16 sheet, yes.
 17 Q. Let me ask you about Bates stamped
 18 page 18919 through 18926.
 19 A. 919, you said?
 20 Q. Yes, 919 through 20.
 21 A. Okay.
 22 Q. Is this more backup to your audit
 23 concerning the mystery shoppers?
 24 A. I believe what we're looking at here
 25 is we're looking at mystery shops performed by

1 another company. I think it was Wells Fargo,
2 but I would have to go back and look.
3 Q. Oh, okay. They had done some mystery
4 shopping for Snyder themselves; had they not?
5 A. Yes.
6 Q. And you were reviewing the results of
7 Wells Fargo's mystery shopper events?
8 A. Whoever was doing it. I think it was
9 Wells Fargo. I would have to go back and
10 double check. But somebody was doing -- an
11 outside company was doing mystery shops; that's
12 where we got kind of the idea to do it
13 ourselves. They were doing it in different
14 places. The particular document you referenced
15 I believe was in Florida.
16 And what we were looking at then for
17 was to get an idea of what was going on, what
18 other people were seeing, what the other
19 company was seeing. It was just general
20 information more for our understanding, again,
21 reviewing what would have already been done.
22 Q. This document indicates that during
23 this inspection in Homestead, Florida, the
24 Snyder employee was wearing a name tag with a
25 GTE name. Is that right?

1 Q. And their training manual says that
2 they must wear clean and appropriate GTE sales
3 associate shirt; does it not?
4 A. Yes.
5 Q. And they must always wear a visible
6 GTE I.D. badge. Is that right?
7 A. Yes.
8 Q. And those are two things that you
9 checked on your mystery shopper analysis that
10 you did as part of your audit. Is that right?
11 A. Yes, we did.
12 Q. And were you trying to see whether
13 they were doing the things that their training
14 manual says they're supposed to do?
15 A. One of the tests, yes.
16 Q. And this is confirmed on Bates
17 stamped page 17845?
18 Do you have that one? It's coming.
19 A. In process.
20 Q. Is this again from the training
21 manual of -- I'm sorry.
22 A. Based on the footer, it appears so.
23 It appears to be from the same manual.
24 Q. This is the Snyder training manual?
25 A. The training and performance

1 A. Which number again?
2 Q. 18919.
3 A. Representative wearing name tag with
4 company name. Yes.
5 Q. By company name, it means GTE; does
6 it not?
7 A. I believe so, yes.
8 Q. All right. Let's change topics a
9 bit.
10 A. Are we done with the mystery shopper
11 stuff?
12 Q. Well, those documents.
13 A. Okay.
14 Q. And the next document I'm going to
15 ask you about is Bates stamped 17819.
16 A. 17819?
17 Q. Yes. Do you recognize that?
18 A. I've seen it before, yes. I
19 generally recognize it.
20 Q. Is this one of the documents you
21 reviewed as part of your audit?
22 A. I know we looked at their training
23 manuals, and that's where this looks like this
24 comes from. Like I said, it does look
25 familiar.

1 development manual, yes.
2 Q. And again, this says the mystery
3 shopper evaluates whether the Snyder employees
4 are wearing an I.D. name tag. It doesn't say
5 it, but I assume it means with GTE name tag
6 and also wearing GTE approved attire. Is that
7 right?
8 A. Yes.
9 Snyder Direct Services, Inc.,
10 Consumer Field Markets, Training and
11 Performance Development.
12 Q. Let me ask you to turn to page
13 18259.
14 A. I don't have that one. What was the
15 number again?
16 Q. 18259. You should.
17 A. The first one I have is 256, 275.
18 Q. You can look at mine, if you like.
19 MR. WOFFORD: These must have gotten
20 out of order.
21 THE WITNESS: Well, we've got several
22 pulls from different places; but I don't
23 see it generally in here.
24 BY MR. BECK:
25 Q. Let me just ask you to look at Bates

1 stamped 18259 and ask you if you recognize it?

2 A. I do.

3 Q. What is it?

4 MR. WOFFORD: Here, I've got it.

5 THE WITNESS: It's a preliminary
6 scope that the internal audit department
7 and I put together when we were doing our
8 original planning for the audit.

9 BY MR. BECK:

10 Q. Okay.

11 A. Thank you.

12 Q. This just describes preliminarily
13 what your audit was designed to accomplish. Is
14 that fair to say, or not?

15 A. When we had our initial discussions
16 with the key players, which would have been the
17 people I've already named, Karen Smith, George
18 Wieskopf, Ted Gilmore, what did we want the
19 audit to accomplish. These were a brain dump
20 of activities that we would want to take a look
21 at when we were there.

22 Q. Let me ask you to turn to page 18262
23 and 18263. Ask you if you recognize that
24 document?

25 A. I do.

1 Q. And there are four people this was
2 sent to. Could you identify each of those four
3 people and what their positions were with the
4 company?

5 A. I'll do what I can. G. Allen, I do
6 not know. J. Blinney would be Jody Blinney;
7 she was in the sales area.

8 Q. Of GTECC?

9 A. Of GTECC.

10 Q. Okay.

11 A. Ted Gilmore which was -- he was for,
12 again, he was in the sales area but he was in
13 -- I believe he was the head of Snyder on the
14 GTECC side. I think he was VP/GM was his
15 title.

16 Q. VP would be vice-president and
17 general manager?

18 A. Yeah. I've got it listed someplace
19 in one of these other documents. In the
20 planning memo I know there was a listing of,
21 what his exact title was. I could find it if
22 you'd like.

23 Q. Well, it's not necessary right now.

24 Who's the last person --

25 A. Ted --

1 Q. Could you describe what it is?

2 A. It is a letter from Chris Owens, who
3 is the president of GTECC Consumer Markets to
4 four individuals at GTECC related to business
5 ethics/compliance.

6 Q. Let me first ask you about Chris
7 Owens who was then president of consumer
8 markets. What does that encompass, consumer
9 markets?

10 A. At this point in time consumer --
11 GTECC was broken up into a couple different
12 units, and one of them was consumer markets,
13 which was primarily residential sales.
14 Consumer markets were closely assigned with
15 small businesses and residential lines.

16 Q. Is this only GTECC? He's the
17 president of consumer markets for GTECC?

18 A. Yes, I believe so. That was -- it's
19 on the GTECC letterhead, and that's what my
20 recollection is.

21 Q. And that includes Long Distance, does
22 it not, for that segment?

23 A. I don't know how LD, Long Distance,
24 rolled up underneath this at this point in
25 time, March 10, 1998.

1 Q. Oh, I'm sorry. Go ahead, then.

2 A. Ted Gilmore VP/GM, LD Division,
3 Snyder liaison was what we had him as the
4 title.

5 Q. Okay. And LD Division is Long
6 Distance?

7 A. Yes.

8 Q. And he was one of the people in
9 charge of liaison with Snyder?

10 A. Yes, that's how we had him listed.

11 Q. Okay. And who's J. Havens?

12 A. John Havens, again, I think he's in
13 the sales organization. I don't know his exact
14 title, but I recognize the name.

15 Q. Why is this letter in your -- first
16 of all, is this letter in part of your audit
17 work papers?

18 A. Yes, it was.

19 Q. Why is it there?

20 A. It was planning materials to give us
21 an understanding of what the environment was
22 like, give us an understanding of the
23 regulatory concerns related to these issues
24 related to Snyder.

25 Q. You see there some handwritten notes

1 on the right side of page 18262?

2 A. I do.

3 Q. Could you read that?

4 A. I'll give it my best shot. It
5 starts off, says: Copy to: There's some
6 scratching that looks like a IKE slash. I'm
7 not sure, it could be a Steve or something, I'm
8 not sure.

9 Q. Do you know what the IKE would stand
10 for?

11 A. No, I don't.

12 Q. Can you read the rest of the
13 handwritten notes?

14 A. See note something. I don't know
15 what that word is. We need to look at. And
16 then I can't make out what the rest of this
17 says. I really can't make it out.

18 MR. BECK: At the end of this I'm
19 going to ask for a legible copy of this
20 with the note so I can read it.

21 MR. WOFFORD: I can't read it either.
22 I'm not sure.

23 THE WITNESS: I don't know if we have
24 one. This was -- I remember, from the
25 work papers that this is a copy of a copy.

1 Q. Where does this document stop, at
2 what Bates stamped page?

3 A. I'll just have to see if they have
4 an index up at the front. I show on 28908 that
5 it has 14 items listed on the table of
6 contents, and that would take us all the way up
7 to 28958, which would be the end, which would
8 be the last end tab is what it looks like. So
9 I would assume that that would probably be, if
10 the numbers are concurrent, that it would be --
11 I think that would be the end point.

12 Q. Okay. All right. And this is part
13 of your audit backup because it's something you
14 used as part of the audit or at least reviewed?

15 A. It is. When we're originally doing
16 the planning for the audit, you know, one of
17 the things we always request is we ask for
18 policies and procedures of what are you
19 supposed to be doing. And this is, for Snyder,
20 one of the backup materials that we obtained.

21 Q. Let me ask you about Bates stamped
22 page 28914?

23 A. Yes.

24 Q. This page covers their policy with
25 respect to representation. Is that right, their

1 I don't know if anybody still has the
2 original. I don't know. I just know why
3 it was in here was because of the -- the
4 subject matter was related to Snyder and
5 telemarketers as a whole, again, setting
6 us up for what the environment was like
7 for planning information for us.

8 BY MR. BECK:

9 Q. Now, Mr. Owens who was the author of
10 this letter, was he provided the results of
11 your audit?

12 A. I don't remember specifically.

13 Q. Okay.

14 A. He could have had knowledge of it,
15 but I don't know.

16 Q. All right. Let me ask you to turn to
17 the document that starts at page 28907.

18 A. I know I don't have that one.

19 Q. And it's entitled Snyder
20 Communications, Inc., GTE Policies and
21 Procedures Manual. Do you recognize the
22 document that begins at page 28907?

23 A. Generally, yes. I know that we had
24 a couple of Snyder manuals in our work papers
25 that we used as reference material.

1 representation policy?

2 A. That's what it says on the top, yes.

3 Q. What I'd like to ask specifically
4 about is under the operating process on that
5 page, there's a bullet, seventh bullet under
6 Snyder's responsibility. It says: Enforce a
7 dress code that includes usage of GTE branding.
8 And then it lists a series of items. And I was
9 wondering if you could discuss the type of
10 branding that Snyder used that's shown there
11 that would show GTE?

12 A. I don't know the specifics. I could
13 tell you when I did the mystery shop and when
14 we saw different articles around the Snyder
15 offices.

16 Q. Okay. Please do?

17 A. They used the small GTE bug, which is
18 -- it's just the logo.

19 Q. What bug?

20 A. Let me use this for a second.

21 MR. WOFFORD: No, I don't think he
22 wants you to draw.

23 THE WITNESS: Oh, I'm sorry.

24 BY MR. BECK:

25 Q. Just describe it. There's a bug

1 that's the GTE logo?

2 A. It's our logo. It's a little
3 circular, oval picture that has GTE written on
4 it. It's blue and white. That's just what
5 they call it, the GTE bug. I'm sorry.

6 Q. Go ahead.

7 A. Sorry. When we saw that, it was the
8 standard GTE logo that we had on there. It was
9 either blue or white was the standard colors.

10 Q. And where would Snyder use that?

11 A. On the I.D. badge that I remember, I
12 believe that there was a small logo on that
13 badge. They had some promotional materials
14 also that had the GTE logo on it as well.

15 Q. Did the shirt Snyder employees wear
16 have the GTE logo on them?

17 A. The one that I remember from the
18 mystery shop, yes.

19 Q. In fact, their policy says that.
20 That's the first one listed under GTE branding
21 shirts. Is that right?

22 A. Yes.

23 Q. How about caps, have you ever seen
24 Snyder people wear a cap with a GTE logo?

25 A. No.

1 Can you look at the document that
2 that's been labeled 18536, please?

3 A. Yes.

4 Q. The first line of that document
5 underneath the heading talks about the number
6 of complaints on hand at GTECC sent to Snyder
7 on March 18, 1998, doesn't it?

8 A. Yes.

9 Q. Does that document say anything about
10 the number of complaints received by GTECC on
11 any particular day?

12 A. It's ambiguous. It does not say that
13 specifically.

14 Q. Do you see anything on here that
15 indicates to you affirmatively that any number
16 of complaints were received by GTECC on a
17 particular day?

18 A. It says it was sent to Snyder on
19 3/18/98. It doesn't show how many, if that was
20 from previous days or not. It just shows that
21 they sent 28 documents -- or 28 complaints.
22 I'm sorry.

23 Q. And there's a little asterisk next to
24 that legend, right?

25 A. Yes.

1 Q. How about shirts or advertisements,
2 did they have a GTE logo that you've seen?

3 A. I did see some promotional materials
4 that, again, had the small GTE logo on them.

5 Q. Any other items listed here where you
6 recall seeing GTE logos?

7 A. The sales booths, Item J. They also
8 had -- they would have banners that would
9 list, you know, have the GTE logo on there and
10 say GTE Long Distance, something like that,
11 when they would set up their booths.

12 MR. BECK: Okay. That's it. Thank
13 you very much.

14 Do you have any?

15 MR. FORDHAM: No questions.

16 MR. WOFFORD: Give me just about five
17 minutes, and I may have a few questions.

18 MR. BECK: Okay. Go right ahead.

19 (A recess was taken at this time.)

20 MR. WOFFORD: Back on the record.

21 EXAMINATION

22 BY MR. WOFFORD:

23 Q. Mr. Weaver, I have a few questions.
24 I want to try and clarify some of your earlier
25 testimony.

1 Q. And the description of the number of
2 documents sent to Snyder on a particular day is
3 further explained as a day's worth of
4 complaints, right?

5 A. For testing purposes, comma, a day's
6 worth of complaints on hand at GTE (28 on 3/28)
7 was traced to Snyder's log.

8 Q. And that language you've just read
9 refers to the number of complaints sent to
10 Snyder on a particular day, right?

11 A. Again, it's -- they sent 28, and it
12 says it was a day's worth of complaints on
13 hand, but it doesn't say if it was from
14 previous days other than 3/18/98.

15 MR. WOFFORD: All right. That's all
16 I've got.

17 MR. BECK: Let me follow up on that.

18 EXAMINATION

19 BY MR. BECK:

20 Q. You're saying that you would
21 interpret a day's worth of complaints as
22 possibly including more than one day's worth?

23 A. I don't know if they batched
24 complaints and then sent them on a daily,
25 weekly, monthly basis to Snyder. I don't know

1 If this was all from 3/18 or if it included
2 3/9, 3/8, 3/7, other dates.

3 Q. Well, if you were sending a week's
4 worth of complaints, would you call them a
5 day's worth?

6 A. I don't -- again it's -- it says a
7 day's worth of complaints on hand. Now, does
8 that mean it's -- on hand is, I guess, the
9 piece that's a little puzzling. It doesn't
10 clarify specifically.

11 MR. BECK: All right. That's all.

12 MR. WOFFORD: That's all I've got.

13 He wants to read. And we'd like to
14 designate the testimony as confidential.

15 (Thereupon, the deposition was
16 adjourned at 1:35 p.m.)

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1 Page ___ Line ___ should read: _____

2 Reason for change: _____

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5 Page ___ Line ___ should read: _____

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7 Page ___ Line ___ should read: _____

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9 Page ___ Line ___ should read: _____

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11 Page ___ Line ___ should read: _____

12 Reason for change: _____

13 Page ___ Line ___ should read: _____

14 Reason for change: _____

15 Page ___ Line ___ should read: _____

16 Reason for change: _____

17 Page ___ Line ___ should read: _____

18 Reason for change: _____

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Signature

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23 _____, Notary Public.

24 This _____ day of _____, 2000.

25 My Commission Expires:

1 ERRATA SHEET

2 Pursuant to Rule 30(7)(e) of the Federal
3 Rules of Civil Procedure and/or Georgia Code
4 Annotated 81A-130(B)(6)(e), any changes in form
5 or substance which you desire to make to your
6 deposition testimony shall be entered upon the
7 deposition with a statement of the reasons
8 given for making them.

9 To assist you in making any such
10 corrections, please use the form below. If
11 supplemental or additional pages are necessary,
12 please furnish same and attach them to this
13 errata sheet.

14
15 I, the undersigned, WAYNE WEAVER, do
16 hereby certify that I have read the foregoing
17 deposition, and that to the best of my
18 knowledge, said deposition is true and accurate
19 (with the exception of the following
20 corrections listed below).

21
22 Page ___ Line ___ should read: _____

23 Reason for change: _____

24 Page ___ Line ___ should read: _____

25 Reason for change: _____

1 CERTIFICATE

2
3 STATE OF GEORGIA:
4 COUNTY OF FULTON:

5
6 I hereby certify that the foregoing
7 deposition was reported, as stated in the
8 caption, and that the questions and the
9 answers thereto were reduced to the
10 written page under my direction, that the
11 preceding pages represent a true and
12 correct transcript of the testimony given
13 by said witness.

14 I further certify that I am not of
15 kin or counsel to the parties in the case,
16 am not in the regular employ of counsel
17 for any of said parties, nor am I in any
18 way financially interested in the result
19 of said case.

20
21 Dated this _____ day of _____, 2000.

22

23

24

25 DEBORAH L. SWILLEY, CCR-B-2174.

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EXHIBIT TO DEPOSITION TRANSCRIPT

OF

WAYNE WEAVER

(Bates Stamped Order)



Final

BB
NN 3/41

GTE Service Corporation

Internal Audit Department
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Mail Code HOA06A30
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Mark R. Smith
Director (Acting) - Internal Audit

May 11, 1998

Mr. Thomas R. Parker
Assistant Vice President-Associate General Counsel
GTE Business Development and Integration
600 Hidden Ridge, HQE03J43
Irving, TX 75038

Dear Mr. Parker:

We have completed our review of Snyder Direct Services, Inc. (Snyder). The objectives of our review were to evaluate the adequacy of operational controls over the Sales Order Processing (Refer to Attachment One for a Summary of Snyder's Process) and other related functions within Snyder, and to evaluate selected GTE Communications Corporation (GTECC) processes which would impact the Snyder processes.

The scope of our review included, but was not limited to:

- Sales Order Processing;
- Sales Compensation Plans;
- Quality Control, Complaint Resolution/Escalation and Reporting Processes;
- Performance Monitoring and Measurement;
- Human Resource Functions, Training and Business Ethics; and
- Logical System Security.

For each of the scope items noted above, we reviewed policies and procedures, observed the processes, and in most cases directly tested the controls within each

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Mr. Parker
May 11, 1998
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function. The following items provide a general overview of the major testing performed for this review:

- For the Sales Order Processing functions, we selected a random sample of orders, including both field and telemarketing sales, and performed specific attribute testing to ensure the orders were completed accurately and in a timely manner. For each sample item, we obtained the Letter of Authorization (LOA) or the Third Party Verifier (Ensol) recording and compared that information to Snyder's Sales Order and Account Processing System (SOAPs). Also, for each order we determined the average number of days it took the order 1) to be passed to GTE and 2) for the order to be completed by GTECC and communicated back to Snyder. As a separate test, we performed a series of "Mystery Shops" at Snyder field sales events to gain an understanding of the field environment and the sales process.
- We reviewed the sales compensation plans for the Snyder sales force up through the District Sales Manager to ensure plans were reasonable and did not promote unethical sales practices. Additionally, we tested the monthly payment process between GTECC and Snyder to ensure the calculations and payment amounts were in accordance with the contract.
- For the Quality Control and Complaint Resolution processes, we selected a sample of complaints and ensured that all were resolved accurately and in a timely manner. Also, we selected a sample of GTE complaints and compared those items to Snyder's database to ensure all complaints were received and logged by Snyder.
- Related to the Performance Monitoring section, we reviewed specific contract provisions for both GTE and Snyder to ensure proper vendor management and overall contract compliance.
- Finally, we performed a high level process review of the remaining scope items – Human Resources, Training, and Logical Security.

As a result of our information gathering and specific testing, we made several observations which should help tighten controls and/or improve processes, both at Snyder and within GTECC.

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General Observations

We wanted to discuss several positive items we noted during our review. Overall, the audit team was grateful for the cooperation and support of both Snyder and GTECC personnel. Without this support, we would not have been able to complete our work within a responsible time frame. Additionally, we noted several Snyder processes which we felt deserved recognition, including:

- We were impressed with Snyder's level of system automation and integration. These integrated systems allowed Snyder to record, track and report on their sales in an on-line real time environment.
- Further, Snyder is very responsive to both GTE's needs and the changing environment in which they are currently operating. They were able to respond quickly and change their systems and processes in mid-March to address the additional complaint volumes.
- We noted that Snyder's telemarketing sales process was very secure and effectively prevented most occurrences of unauthorized account conversions. They currently use a random assignment dialer and an electronic voice and data transfer system which provides them with a highly automated, controlled and efficient system for processing telemarketing sales.
- Finally, through our review of their training materials, we noted that their training curriculum was very detailed and provided a good base of knowledge to the sales associates. Also, we noted that Snyder is consistently disciplining all employees who have had complaints against them.

Vendor Management

GTE Communications Corporation (GTECC) is responsible for the actions of any third party vendor which is being used to market and/or provision service for GTE products. As an agent of GTECC, Snyder and other vendors represent GTE's brand name in the marketplace. As such, GTECC should be continuously monitoring vendor activities to ensure they are conducting themselves in accordance with GTE's compliance standards and the vendors have appropriate controls in place to prevent unauthorized account conversions or other violations. With that in mind, we noted several items where GTE could improve their vendor management processes. Specifically, we noted the following:

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- There does not seem to be a comprehensive Complaint Resolution and Tracking Process between Snyder and GTECC. We noted, through interviews and attempts to compile a complete listing of all Snyder related complaints, that there was not one source which was responsible for compiling, tracking and ensuring timely resolution of Snyder complaints. In our testing at Snyder, we noted that complaints sent to Snyder were not received in a consistent manner (some were faxed, some were e-mailed, some communicated verbally, etc.). Additionally, our test results showed that 15 of 112 (13%) escalated complaints obtained from GTECC files were not maintained in Snyder's complaint tracking database. For non-escalated complaints, our testing showed that for one day 12 of 28 (43%) complaints obtained from GTECC were not on hand at Snyder. For those complaints received by Snyder, we noted that 11 of 25 (44%) were not resolved and reported back to GTECC within five business days. GTECC needs to ensure processes are formally defined, documented, and communicated which can record, track, and report the status of all Snyder related complaints.
- The Marketing and Operating Policies and Procedures Manual (Schedule 3 of the Marketing Agreement) indicates that Snyder will have as their goal an average monthly billing of equal to or greater than \$45 per Snyder-sourced customer for the first twelve months. The contract goes on to state that GTECC will measure at the sixth and eleventh months the average monthly billing for Snyder-sourced customers. However, GTECC does not have the reporting capabilities to produce a report which identifies all the Snyder-sourced customers and their billing totals for the month. Through discussion with GTECC personnel, they are working on the reports, but they are having problems getting the Customer Billing Service System (CBSS) to produce the necessary information. The need for this information was identified when the contract was signed in mid-November 1997. However, as of April 24, 1998, GTECC still does not have an accurate and reliable report which can be used to comply with the above contract provisions. GTECC needs to increase their efforts to obtain this information through their vendor management group from GTE Network Services, the billing agent for GTECC and owner of CBSS.
- Based on observations made during this review and other work performed by GTE Internal Audit over the past year, we have noted that the order provisioning process has been unreasonably lengthy, sometimes 30 or more days. These delays have been attributed, in part, to processes performed by Anderson Financial (AFNI), a third party vendor of GTE Network Services. We recommend that GTECC work with GTE Network Services and ensure AFNI's processes are

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reviewed and monitored on an on-going basis to ensure GTECC's orders are processed in accordance with agreed upon quality and timeliness standards.

Sales Order Processing

Snyder's sales process can be broken down into two primary channels, field or foot sales (approximately 60-70%) and telemarketing sales (approximately 30-40%). For each of these sales channels, we selected completed orders and traced them through Snyder's processes to the hand off to GTECC. As part of our testing, we wanted to ensure that controls were in place to prevent and detect unauthorized account conversions. Our testing revealed that in response to the increasing number of unauthorized switching complaints, Snyder made several changes to their processes which occurred during the mid-March time frame. These process changes improved the overall controls within Snyder's processes, and should have the downstream effect of reducing the overall number of Snyder related complaints. However, we noted areas where Snyder and GTECC could improve the overall sales process. Specifically, we noted the following:

- As part of our testing, we noted that California field sales due to regulatory requirements must be verified and recorded by an independent third party. Basically, the process requires the customer to complete and sign the LOA and then speak with the third party verifier via a cellular telephone prior to leaving the sales site. We recommend that Snyder begin using this process to verify all field sales based on a cost/benefit analysis. By having both a signed LOA and a voice record verifying the sale, Snyder and GTECC should benefit by having improved order accuracy, reduced number of customer misrepresentations and fewer complaints. Additionally, these controls would go beyond the regulatory requirements, in most states, and could be used to mitigate any penalties. The added controls would help prove that a comprehensive program was in place to avoid and minimize the number of unauthorized switching complaints. By having more accurate order and customer information from the beginning of the process, both Snyder and GTECC should realize some downstream processing cost savings.
- Our next observations related to the substantive testing of Snyder sales orders. As mentioned above, we selected a random sample of orders for testing from all transactions which occurred from mid-March to the first week in April. This sampling period allowed us to view orders which were processed before, during and after the process changes made by Snyder. Our sample of 89 total orders

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was representative of the overall population and was broken down as: 1) 68 field or foot sales and 21 telemarketing orders; 2) 73 out-of-franchise and 16 in-franchise; and 3) 44 Spanish, 34 English, and 11 Asian. Our observations are:

- ♦ On 18 of 84 (21%) orders the contact name and billing name did not agree – 17 Field Sales and one Telemarketing order. An authorized party may not be signing the form, and thus making the order invalid and possibly indefensible in the event of a complaint.
- ♦ On 60 of 81 (74%) of the orders tested were sent to GTECC after the agreed upon four day turnaround. NOTE: All 60 orders noted above were Field sales. Per the marketing agreement, Snyder should forward orders to GTECC within four days. In our sample, it took Snyder an average of fourteen business days to forward an order to GTECC.
- ♦ On 13 of 34 (38%) of the orders which were forwarded to GTECC were not completed by GTECC within the agreed upon ten days. In our sample, the thirteen orders took an average of fourteen business days to complete. NOTE: Only 34 of the original 89 orders were sent to GTECC for processing, refer to Attachment Two for a breakdown of the final disposition of the orders.
- ♦ On 38 of 68 (56%) of the orders did not have one of the following identifiers on the LOA: social security number, driver's license number, or date of birth. NOTE: These were field sales only.

NOTE: Five orders were not included in the testing because they were telemarketing calls in which the customer did not want to be recorded for verification purposes. Also, for the second bullet item there were three orders in which the customer canceled the order in the call back or TPV process. With these items in mind, we excluded these sales orders from our analysis.

- For our "Mystery Shops", we visited Los Angeles, Chicago, and Miami and had a total of eight observations. From these site visits, we noted a couple of areas needing improvement. First, we noted that Snyder did not have "Take Aways" (for example, GTE Plan Brochures, information cards, etc.) at any of the locations we visited. This was also noted in our review of "Mystery Shops" performed by Wells Fargo on Snyder's behalf. Secondly, we noted that for various reasons the Snyder Sales Representatives were not at several identified sales location. In each of the three cities we visited, we were unable to find Snyder sales

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associates at the sales locations. Again, this was confirmed in our review of the Wells Fargo documentation.

In conclusion, we understand and acknowledge that the Snyder and GTECC relationship has been evolving over the past four months, and overall the processes are operating in a very dynamic environment. The changes that are currently underway or that have already been made on both sides should help strengthen controls and contribute to the prevention of unauthorized account conversions.

If you have any questions regarding the results of the review, please contact Wayne Weaver at 972/550-6620 or me at 972/751-5297.

Very truly yours,



Mark R. Smith

MRS/WEW:tlm
Attachments (2)

c: D. Gudino - HQK03B67 - Irving
L. Zidow - HQA06A30 - Irving

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Snyder Communications Legal Review
Irving, TX & Bethesda, MD
In-charge: Wayne Weaver

Wayne Weaver
Audit No. 98:00:025
Manager: Mark Smith

GENERAL

We are performing a four week review with field work beginning April 6, 1998. Our targeted closing meeting is April 30, 1998. This review will not be a traditional TFA audit and will not result in a traditional audit report. Our goal is to issue a Attorney-Client Letter at the closing meeting.

Address:

GTE Communications Corporation
6665 N. MacArthur Blvd.
Irving, TX 75033

Snyder Communications, Inc.
Two Democracy Center
6903 Rockledge Drive, 15th Floor
Bethesda, MD 20817
Main Switch Board - (301) 468-1010
(See Directions Attachment HH.1)

Main Contacts:

GTECC	Ted Gilmore, VP/GM LD Division - Snyder Liaison	972/465-5184
GTECC	Michael Lyons, Manager LD Division - Snyder Liaison	972/465-4642
GTECC	Ed Miller Director - Marketing LD	972/465-5198
GTE BDI	Toni Kubly Director Regulatory	972/718-7858
Snyder	George Wolfand VP Operations	301/571-6213

Audit Team:

	Name	Phone Number
Staff:	Yamira Lajara	813/221-8610 x323
	Susan North	813/221-8610 x326
	Andrew Timberlake	972/550-6647
In-charge:	Wayne Weaver	(972)550-6620
Manager:	Mark Smith	(972)751-5297

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Wayne Weaver
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Manager: Mark Smith

The opening meeting will be held at 9:30am (Local Time) on April 6, 1998 at Snyder Communications Headquarters in Bethesda, Maryland. We will be arriving at Snyder's Headquarters at 9:00am. Per discussion with George Wolfand, Snyder VP - Operations, Snyder's normal work hours are 9:00am to 6:00pm. We will adjust to their schedule as best as possible.

OVERVIEW

General:

We will be performing an investigation of Snyder Communications, Inc. per the request of GTE Legal counsel - Tom Parker. As such, all materials produced or acquired during this review will be confidential and remain under Attorney-Client Privilege. (Refer to Interoffice Memo Requesting Audit Services @ HH.4.

GTE Communications Corporation (GTECC)

GTE Communications Corporation (GTECC) is GTE's Competitive Local Exchange Carrier or CLEC. CLEC refer to companies that have been approved by a state regulatory commission (usually the PUC) to provide local telephone service in competition with an Incumbent Local Exchange Carrier (ILEC), like GTE Telops or Southwestern Bell. State Utility Commissions began approving CLEC applications in late 1994.

GTECC objective is to provide a full range of services to their customers, including wired and wireless local service, wired and wireless data transmission, intra and inter LATA voice and data, Internet access, messaging, paging, and video services.

Currently, GTECC is providing long distance services to customers in all 50 states through a resale arrangement with WorldCom. GTECC is marketing their long distance packages in a number of ways, including in and out bound telemarketers, retail store sites (GTE Phone Mart & GTE Wireless Stores, etc.), and through direct sales. One of the telemarketers that GTECC is currently using is Snyder Communications, Inc. who is one of our authorized agents. However, Snyder is being used to target specific segments of the population, as described below.

Refer to Exhibits HH.5 - HH.7 for various Flowcharts which represent the Order Processing Systems for GTECC, GTE LD Fulfillment, and GTE LD detailed.

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Snyder Communications, Inc.

Snyder Communications was established in 1984 as a telemarketer who specialized in marketing for specific industries and to specific market segments. They are a publicly traded company with approximately \$200 million in revenues last year, and they employ approximately 2800 people nationwide. They work primarily for Fortune 500 companies like Enron (Energy Company), GTE & AT&T (Telecommunications), Proctor & Gamble (Household goods), and Merck (Pharmaceuticals).

Snyder's other products include product sampling and Wallboards - informational posters for placement in hospitals, recreation areas, and transportation centers.

Starting January 1998, Snyder's Direct Services Division (Organizational Chart @ HH.2) began marketing GTE Long Distance services to multilingual customers. Specifically, they are marketing to Asian and Hispanic markets throughout the US. These customer groups have been targeted because of the potential for high usage rates both internationally and domestically. Additionally, these groups have very close family units who like to remain in contact with one another which again produces high usage rates. Currently, the Hispanic market represents approximately 70-80% of Snyder Sales, and as such we will give this group added attention in our sampling.

Snyder sells GTE LD through 1.) Face-to-Face sales at fairs, festivals, carnivals, malls, store fronts, and street corners (60-70% of sales), and 2.) Telemarketing *outbound calling to customer within their database* (30-40% of sales). Whichever sales method is used, certain conditions must be met before a sale can be finalized.

Refer to Flowchart of Snyder's Sales Order Processing @ HH.8 - HH.10.

Regulatory Environment

The following paragraphs are taken from a message by Illinois Attorney General Jim Ryan explaining some of the details behind Slamming and what regulations are currently being imposed. This article is a general overview of Slamming and regulations to prevent it.

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Slamming

Today consumers are free to choose their own long distance company. However, some long distance companies engage in illegal marketing and promotional campaigns to switch consumers' long distance service. These companies engage in the activity that has come to be called "slamming." Slamming occurs when one long distance company takes a consumer's account from another long distance company without the consumer's full knowledge and consent. Slamming is most often done through the use of a disguised or inconspicuous "letter of agency" purportedly authorizing the switch in service or through deceptive telemarketing campaigns.

Letters of Agency

Many long distance companies sign up new customers previously served by other long distance companies by getting them to sign letters of agency (LOA's), which are documents in which the consumer states that he understands and authorizes the change. However, some long distance companies, in an attempt to confuse consumers, combine LOAs with promotional material, such as a contest entry form or a solicitation to contribute to a particular charity. A common scam is for companies to send or give consumers a form to fill out with the chance to win a large sum of money, an automobile, or some other valuable prize. When the consumer signs the form, he or she often is not aware that they are authorizing the company to switch their long distance company.

The Federal Communications Commission has adopted rules designed to prevent slamming through LOAs. Under the rules, the general form and content of LOAs must be as follows:

- Any promotional material, such as contest entry invitations and charitable solicitations, must be separate or severable from LOAs;
- Checks used to solicit a consumer to change his or her long distance carrier may include the LOA on the check itself, but may not contain any promotional language;
- The LOA can only be used to authorize a change in long distance service -- prize promotions and charitable solicitations cannot be mentioned in the LOA;
- The LOA cannot contain small, difficult to read print;
- The LOA must be signed and dated by the account holder; and

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- The LOA must be written in clear and unambiguous language and contain the following information:
 1. the customer's name, address, and all telephone numbers to be switched;
 2. the names of both the former and new long distance companies;
 3. a statement informing the customer that he or she may designate only one long distance company to handle switching requests; and
 4. a statement informing the customer that a fee may be imposed for switching long distance companies.
- The LOA must provide a full translation if any part of the LOA is written in another language;
- The LOA cannot require or suggest that the consumer take any action to keep his or her current long distance carrier. Therefore, long distance companies are prohibited from sending you promotional material and then switching you if you don't respond to the promotional material.

Telemarketing Solicitations

Some long distance companies contract with telemarketing firms to contact consumers for the purpose of soliciting them to switch their long distance service. The telemarketing firms receive a commission for each new customer they convince to change their service. The Federal Communications Commission allows long distance companies to solicit new customers by telemarketing if they adhere to specific rules. However, several unscrupulous long distance companies and marketing firms have started a campaign to slam consumers by engaging in the following illegal practices:

- Switching consumers without their authorization.
- Representing themselves as the consumer's current long distance carrier and then switching the consumer from his or her carrier without the consumer's knowledge.
- Switching consumers after they have declined the company's service.
- Switching consumers without obtaining proper verification. (See below)

Before a consumer may be switched to another long distance company, the Federal Communication Commission requires a long distance company (which has switched a consumer through a solicitation by phone) to verify the switch by:

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- Obtaining the customer's written authorization; or
- Obtaining the customer's electronic authorization; or
- Obtaining the customer's oral authorization by use of an independent third party rather than the company soliciting your business; or
- Sending each new customer an information packet which contains the following information:
 1. the customer's name and current long distance company;
 2. the name of the new long distance company;
 3. description of all terms, conditions and charges related to the service;
 4. the name of the person who authorized the switch;
 5. postcard which the customer can use to deny, cancel or confirm a switch; and
 6. disclosure stating that the customer must return the postcard within or the customer's long distance service will be switched.

PIC Freeze

For your protection and to ensure that your long distance telephone service is not switched without your knowledge, you should consider requesting a "PIC Freeze." A PIC Freeze consists of you completing and signing a written document *instructing* your local telephone company, e.g., Ameritech, GTE, Illinois Consolidated, etc., not to change your long distance service unless authorized by you. The actual form can be obtained from your local telephone company.

Special Note: Just some insights as to the special nature of this review. First, this is a legal review of another company, we must maintain a high level of professionalism at all times. Second, this review involves a number of "Big Players" namely George Weiskopf, VP - Finance GTECC; Tom Parker, GTE Legal Counsel; Bill Edwards, Controller; Karen Smith, AVP BDI Regulatory; and Larry Zidow, Acting Assistant Controller - Auditing. Finally, we are being asked to complete this review as soon as possible but no later than the end of April due to a pending business decision.

Because of these factors, I am expecting, as is Mark, that we will be working late and possibly on the weekends to attend certain marketing events and complete the work ASAP. Also, we will be taking Sunday flights to arrive at our work sites early Monday morning, and we will be taking later flights out on Friday (No later than 5:00 PM) to avoid ½ days.

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In-charge: Wayne Weaver

Wayne Weaver
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Manager: Mark Smith

OBJECTIVE

The objectives of this review are to evaluate the adequacy of operational controls over the Sales Order Processing functions within Snyder Communications, and to evaluate selected GTE Communications Corporation processes which may aid in our review of Snyder Communications.

SCOPE

The scope of this review will include, but is not limited to, the following:

- Sales Order Processing:
 - Review of Customer Contact procedures including Authorized Sales Plans and Promotions, Sales Representative Training and Forms Utilized;
 - Select a sample of orders and ensure they are processed accurately and in a timely manner. Specifically, ensure:
 - Selection of the sample is according to percentage of Face-to-Face Orders versus Telemarketing Orders, Market Segmentation, and by State sales figures . Will include monitoring of calls for Telemarketing sales and visits to Face-to-Face Sales sites;
 - Letter of Agency (LOA) is completed and maintained according to agreed upon standards;
 - Third Party Verification is occurring as intended;
 - Determine Time to Complete order through Hand-off to DMSS;
 - Welcome / Fulfillment Packages are sent out for all and only completed and approved orders; and
 - NOTE: Orders will be traced from origination through Quality Outbound Calling (QOC) to hand-off to DMSS.
 - Evaluate the adequacy of the Sales Compensation Plan and ensure it does not encourage unethical / questionable sales practices;
 - Evaluate the adequacy of the Quality Control, Problem Resolution / Escalation, and Reporting Processes;

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- Review Performance Monitoring / Measurement to ensure adequate management information. Specifically, looking for Management Span of Control, Coaching Practices, and Sales Representative Statistics.

Personal Preferences:

I am not a very picky person when it comes to documentation. I'm more of a substance over form kind of person, but all standard workpaper documentation requirements per the audit manual are in effect with one notable change.

We will be modifying the Audit Process as follows:

- Complete High Level Narrative and Flowchart which document the main controls within the area being reviewed. (This part hasn't really changed much.) Each controls technique should be underlined for easy reference on the Narrative.
- Cross reference each control technique to the Audit Program step(s) which will test the effectiveness of the control. (This is major departure from the Audit Manual because we are eliminating the TFA Matrix Document. However, the substance of our review is still documented in the Narrative - only the form has changed. This should save us some time and effect.). I have an example of this documented at HH.3.
- Complete lead memo as usual to document the test results.
- All Documents, Exhibits, and test items included in the workpapers MUST have a pre-printed label or printed directly on the document the following:

Attorney Client Privileged Material - Do Not Copy or Disseminate

If you have any questions regarding exactly what this statement means or how it effects our work, your not alone but I'll do my best to explain what I think it means.

AUDIT ASSIGNMENTS:

Audit Assignments will be determined at a later date.

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 Manager: Mark Smith

ADMINISTRATIVE ASSIGNMENTS:

Responsible Person(s)	Assignments
All	Bring any personal supplies you will need (i.e. Post-it notes, pens, pencils, highlighters, notepads, etc.)
WW & AT	Printer, Paper, Ink Cartridge Refill, etc.
WW	Opening / Closing Meeting Materials
TBD	Opening / Closing Meeting Minutes & Attendance
All	Report Write-up & Finding Summary
WW & MS	Post Review Performance Appraisals

LOGISTICS:**Before**

- We will be working at various locations, including Bethesda, Maryland and possibly event sites in California, Florida, New York and Texas (these are yet to be determined)
- Bring your ID badge and plenty of business cards.
- Review Operating Procedures Prior to Beginning of Fieldwork - I will be providing Training Materials as well as Policies and Procedures from Snyder
- Make your travel arrangements - only for the first week or until I know where we will be going and when. Sidetrips may not be practical for the first couple of weeks so I would not plan anything that you couldn't cancel quickly and with minimal cost to you. Sidetrip forms must be submitted for approval at least a week in advance.
- Snyder Communications is Professional Dress (Men = Suit and Tie; Ladies = Suits, Dresses, Professional Pants Suits, etc.). You may want to get these items cleaned and out of storage. I know I'll be unwrapping my suits, unfortunately. They are Business Casual on Fridays, so you will need to take some casual clothes as well.

GTE Internal
Audit

Planning Memo

HH

Snyder Communications Legal Review
Irving, TX & Bethesda, MD
In-charge: Wayne Weaver

Wayne Weaver
Audit No. 98:00:025
Manager: Mark Smith

During

- Please turn in expense reports every Monday morning.
- Back up the files related to this audit daily onto a removable disk.
- As issues come up, please inform me as soon as possible. I will be keeping a running Findings Summary.
- If you are finished with your section, run into some problems or are dealing with difficult people, LET ME KNOW ASAP.
- Turn in your completed work, as soon as its finished. This will speed up my review and allow Mark to be more flexible with his review.
-

After

- Please complete the Work Paper Cleanup Checklist
- Complete all Expense Forms

GTE Internal Audit

Planning Memo

HH

Snyder Communications Legal Review
Irving, TX & Bethesda, MD
In-charge: Wayne Weaver

Wayne Weaver
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Manager: Mark Smith

SCHEDULE

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
March 1998						
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27 Make Travel Plans For Week #1	28
29	30 Planning Week	31 Planning Week				

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
April 1998						
			1 Planning Week	2 Planning Week	3 Planning Week - Make Travel Plans for week #2 if Possible	4
5 Fly to Snyder Bethesda, MD - Arrive PM	6 Opening Meeting @ 9:30 EST - On-site @ 9:00am	7 Fieldwork	8 Fieldwork	9 Fieldwork Return Home Due to Good Friday / Easter	10 Fieldwork - Work from Office	11

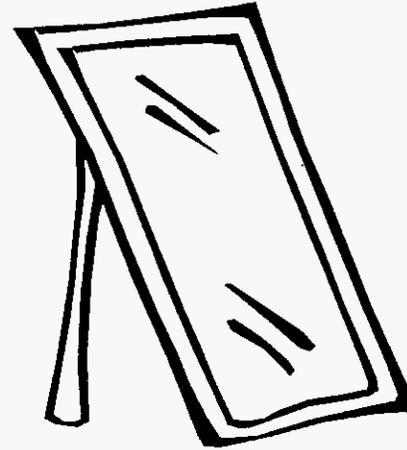
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12	13 Fieldwork - Possible Site Visits to local events	14 Fieldwork Status Meeting with GTECC	15 Fieldwork - Possible Site Visits to local events	16 Fieldwork - Possible Site Visits to local events	17 Fieldwork - Possible Site Visits to local events	18
19	20 Fieldwork - Possible Site Visits to local events	21 Fieldwork - Possible Site Visits to local events	22 Fieldwork - Possible Site Visits to local events	23 Fieldwork - Possible Site Visits to local events	24 Fieldwork - Possible Site Visits to local events	25
26	27 Fieldwork / Wrap-up <i>Closing</i>	28 Wrap-up <i>Meeting</i>	29 Wrap-up <i>Sometime</i>	30 Wrap-up <i>This Week?</i>		

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
May 1998						
					1 Wrap-up	2
3	4 Wrap-up	5 Wrap-up	6 Evaluations?	7	8	9

Dress Code



- Must wear clean/appropriate GTE Sales Associate shirt
- Must wear visible GTE ID badge
- Must wear clean dark blue/ black/ khaki pants
- Cannot wear thongs or any other opened toe shoe
- Must be well-groomed and clean shaven

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MYSTERY SHOPPER

Definition - To review the quality of our field sales representatives and evaluate their sales presentations. Mystery Shoppers visit undisclosed locations and provide feedback to GTE and Snyder concerning performance.

Mystery shopper will evaluate the following areas:

- Sales associate visibly wearing ID name tag
- Wearing GTE approved attire
- Friendly, courteous and informative behavior

Did sales associate ask the following questions:

- Which long distance company do you use?
- Are you authorized to sign?
- Do you make long distance calls?
- Which states or countries do you call?
- How much do you spend on your monthly bill?
- When do you call most?
- Was mystery shopper offered a plan or promotion?



GTE Service Corporation - Internal Audit
Preliminary Scope for Snyder Communications Review
March 19, 1998

Our objective is to evaluate the adequacy of financial and operational controls over the Sales Order Processing functions within Snyder Communications. The following items represent Internal Audit's Preliminary Scope:

- Sales Order Processing - Snyder Communications:
 - Review of Customer Contact procedures including Authorized Sales Plans and Promotions, Sales Representative Training and Forms Utilized;
 - Select a sample of orders and ensure they are processed accurately and in a timely manner. Specifically, ensure:
 - Selection of the sample is according to percentage of Face-to-Face Orders versus Telemarketing Orders. Will include monitoring of calls for Telemarketing sales and visits to Face-to-Face Sales sites;
 - Letter of Agency (LOA) is completed and maintained according to agreed upon standards;
 - Third Party Verification is occurring as intended;
 - Determine Time to Complete order through Hand-off to DMSS;
 - Welcome / Fulfillment Packages are sent out for all and only completed and approved orders; and
 - NOTE: Orders will be traced from origination through Quality Outbound Calling (QOC) to hand-off to DMSS.
 - Evaluate the adequacy of the Sales Compensation Plan and ensure it does not encourage unethical / questionable sales practices;
 - Evaluate the adequacy of the Quality Control, Problem Resolution / Escalation, and Reporting Processes;
 - Review Performance Monitoring / Measurement to ensure adequate management information. Specifically, looking for Management Span of Control, Coaching Practices, and Sales Representative Statistics.

GTE Communications Corp.
Snyder Communications Investigation
Various Locations // Audit No. 98:00:025
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GTE Communications Corporation

Reply To
HQB17A07
Irving, TX

March 10, 1998

CHI
ANF
SR - [unclear]

left to:
TKE / Steber
See note below -
We need to look at
CHI. Steber, Anz?
How did you monitor this
by phone 25th

To: G. Allen - HQMC40 - Irving, TX
J. Bilney - HQK03D97 - Irving, TX
T. Gilmore - HQK03D02 - Irving, TX
J. Havens - HQK03B01 - Irving, TX

Subject: BUSINESS ETHICS/COMPLIANCE

Attached is a presentation by GTE's Associate General Counsel, Steve Zipperstein, on Business Ethics and Compliance. Steve made this presentation to executives from GTE Communications and GTE Network Services. As you can see in his presentation, the regulators and the courts are becoming increasingly less tolerant with companies that do not comply, (i.e., change customer's service without authorization, unethical promos, or gimmicks, etc.) with the law. The penalties for these types of violations can be substantial. GTE is also in a precarious position given the situation we experienced in the Language Assistance Center in California.

Dr
FL
3/25

A particularly important point in Steve's presentation was that violations committed by agents of GTE, (i.e., Teletech, Snyder, LD Telemarketers, etc.) are the responsibility of GTE. The penalties associated with a violation can be substantially mitigated, however, if (1) the company surfaces the violation and (2) the company can prove that they had a comprehensive program in place to attempt to avoid or minimize violations.

Given our increasing use of outside partners, we must be certain that they conduct business in a fashion that is consistent with GTE's compliance standards and have appropriate controls in place to prevent violations.

K
TKE

I'd like to begin a review of our partners' "quality control/compliance processes" as soon as possible. In fact, we recently completed a review of Snyder Communications' processes and procedures and likely will conduct an on-site review to verify that the processes are working as designed. I'd like each of you to work with your partners to document and summarize their current quality control/compliance standards and processes. At this point, no on-site review is

G. Allen, J. Bilney, T. Gilmore, J. Havens
March 10, 1998
Page 2

necessary. Ted or Gwen can provide you examples of the work we've done with Snyder if you'd like. I'd like these reviews completed as quickly as possible but no later than March 31, 1998.

Let me know if you have any questions or comments.



Christopher D. Owens
President-Consumer Markets

CDO:gjh
Attachment

- c: C. Bercher - HQB17A14 - Irving, TX (w/o attachment)
- F. Kinder - HQK03E13 - Irving, TX (w/attachment)
- S. Skogen - HQL06B62 - Irving, TX (w/o attachment)



GTE Service Corporation

Internal Audit Department
5615 High Point Drive, Suite 600
Mail Code HQA06A30
Irving, TX 75038
972/751-5292

Toni S. Kubly
Regional Director - Auditing

June 19, 1997

Mr. Robert G. McCoy
President
GTE Long Distance
P.O. Box 152211 MC HQL14A07
Irving, TX 75015-22119

Dear Mr. McCoy:

We have completed our Order and Fulfillment Audit of GTE Long Distance, located in Irving, Texas. Our Audit Report No. 97:55:051 is attached.

The objective of the audit was to evaluate the adequacy of operational and financial controls and determine whether the controls in place were functioning effectively and in accordance with established Company practices and policies.

The scope of the audit included, but was not limited to, a review of the following areas:

- Order Creation and Entry;
- Vendor/Contract Administration;
- Sales Channel Interfaces;
- Sales Fulfillment;
- Systems Order Interfaces; and
- Performance Monitoring.

In our opinion, the controls addressed within the scope of our audit are inadequate. Our audit did not disclose any significant internal control weaknesses. However, we noted 21 areas where controls should be improved.

Our observations and related recommendations, along with management comments, are included in the attached audit report. For your convenience, we have identified within the Table of Contents, the functional area(s) with primary responsibility for each observation and a summary of each finding.

During the 4th quarter of 1996, Internal Audit completed a Phase I Process Review of the entire GTE Long Distance environment. The scope of the review examined the design of the process controls and assessed the relative risk of the business processes. The review did not include any testing of processes. The Order and Fulfillment audit expanded on the Phase I Process Review and performed detailed testing, where possible, of the functions performed. Additionally, although management comments were not required, we performed follow up and testing of the Phase I observations and have noted conditions that have remained unchanged within this report.

We recognize that the GTE Long Distance business processes are in a dynamic and rapidly changing environment. We also acknowledge the significant accomplishments and efforts by management to achieve "speed to market" and, at the same time, to establish business processes consistent with business objectives. Additionally, we acknowledge the continual efforts by management to implement the required controls and understand they are an ongoing continuous improvement.

However, based on our audit observations, there are 3 pervasive control issues; no defined procedures, no communication of procedures and the lack of an integrated business process. We recommend the implementation of the following controls to help minimize the problem currently experienced:

- Improve systems/applications to perform the proper check/balances and up front edits;
- Mechanize the manually intensive processes;
- Improve the lines of communication within all responsible parties;
- Provide the appropriate training and instruction to all personnel to perform the proper functions;
- Develop effective tracking and control mechanisms; and
- Clearly define, communicate and execute policies and procedures.

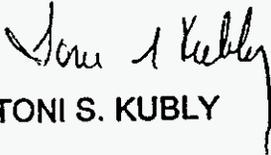
Throughout the audit report, there will be examples of control weaknesses that correlate to the above noted pervasive issues and related recommendations.

We appreciate the courtesy and assistance extended to us during the audit.

Mr. Robert G. McCoy
June 19, 1997
Page 3

If you have any questions regarding this report, please contact Mark Smith at (972) 751- 5297 or me at (972) 751-5292.

Very truly yours,



TONI S. KUBLY

TSK/MRS/BDA:pjw/97051AUDLTR

Attachment

cc: R. J. Bigler - Irving
M. C. Bolduc - Irving
C. L. Brinkley - Irving
T. Burroughs - Irving
D. L. Crockett - Irving
A. Farrell - Irving
B. Geller - Irving
R. Gray - Irving
M. Harness - Irving
J. M. Havens - Irving
P. Kuhar - Irving
D. E. McCracken - Irving
N. A. Radvancy - Irving
R. M. Taguchi - Irving

Lead Memo

GTE Communications Corp. - Snyder Communications Review
Bethesda, MD

Audit No. 98:00:025

WP: B-11

Susan North
04/28/98 10:26

for 4/28/98
WJH

OBJECTIVE: Audit Step(s): B-10 #1

To Ensure that policies and procedures are complete and in compliance with contractual guidelines and GTE's approval.

SOURCE:

W/P Ref.	Purpose - To document:	Source:
B-2.1 ✓	Snyder Communications, Inc./GE Policies & Procedures Manual	Ed Miller, Snyder Liaison
B-11.1 ✓	Snyder Quality Assurance Overview	Elliot Glover, Quality Control Guidelines
B-11.2 ✓	Snyder/GTE complaint process memo	Elliot Glover, Quality Control Guidelines

SCOPE:

IAD obtained policies and procedures for Quality Assurance complaint resolution/escalation and reporting. IAD also interviewed Michael Lyons, GTECC - LD Complaints Manager, Liz Smith, GTENS - Post Sales Fulfillment LD/Complaints and Elliot Glover, Snyder - Quality Control Manager. In order to verify communication of Snyder/GTE policies and procedures, IAD also obtained Snyder's Quality Assurance Overview used in training (B-11.1) and a memo from Liz Smith describing Snyder's complaint process (B-11.2). IAD reviewed these documents and interviewed personnel involved to ensure that policies and procedures are complete and in compliance with contractual guidelines and GTE's approval.

TEST RESULTS:

Based on the testwork above, IAD found issues in the following:

- No formalized complaint process at GTE
- No confirmation or reconciliation performed by GTE to ensure all complaints are received and forwarded

FINDINGS:

CONDITION/ISSUE	Disposition
No standardized and formalized process is in place for the forwarding and handling of complaints to Snyder.	RP
<p>Standard: A formalized process should be in place for the forwarding and handling of complaints to Snyder</p> <p>Cause: Complaints are forwarded to Snyder by fax and Email, during all times and from a variety of personnel. Further, Michael Lyons organization does not keep a log of the complaints forwarded to Snyder. Snyder also receives non-authorized switch complaints forwarded to them which they cannot handle.</p>	

Lead Memo

GTE Communications Corp. - Snyder Communications Review
Bethesda, MD

Audit No. 98:00:025

WP: B-11

Susan North
04/28/98 10:26

Risk:HIGH - Lack of formality may result in either untimely resolution or lack of correction of unethical sales practices

Recommendation: GTE and Snyder develop together a formalized complaint process to allow for an efficient resolution of complaints.

Clearing Comments: Cleared with XX on __/__/9X

CONDITION/ISSUE	Disposition
There is no consistent way of reporting and tracking complaints to ensure 1) that all complaints have been received from all the organizations within GTE or 2) that all complaints have been sent to Snyder	RP
Standard: A process should be established to track complaints received into GTE and forwarded to Snyder	
Cause: Lack of documented and defined procedures	
Risk: HIGH - If a complaint is not received by Snyder this may result in lack of correction of unethical sales practices	
Recommendation: Define, document and communicate procedures for tracking, reconciling and reporting complaints each month.	
Clearing Comments: Cleared with XX on __/__/9X	

Conclusion: Based on the results of the audit tests performed, as outlined above, it appears the controls are adequate but need improvement.

18484

Lead Memo

GTE Communications Corp. - Snyder Communications Review
Bethesda, MD Audit No. 98:00:025

WP: B-12
Susan North
04/28/98 10:32

S 4/28/98
W/S

OBJECTIVE: Audit Step(s): B-10 #2

To ensure that customer complaints are being handled properly and in a timely manner.

SOURCE:

WP Ref	Purpose To document	Source
B-12.1 ✓	Summary of testwork	Auditor-prepared
B-12.2 ✓	Log of all complaints for unauthorized switching on hand at Snyder	Andy Coates, Admin. Asst.
B-12.3 ✓	Complaint investigation form sent to GSM and returned from GSM with action plan	Carol Bonilla, Quality Control Staff
B-12.4 ✓	Example of supporting documentation - When action plan is re-training - attendance sheet signed by reps. who participate in re-training	Annette Philken, Training Manager - Miami
B-12.5 ✓	Example of supporting documentation - written warning	Gil Perez, District Mgr. - New York
B-12.6 ✓	Example of supporting documentation - termination forms	Ken Cooper, Manager - Houstonb
B-12.7 ✓	Example of audit completed by QA	Elliot Glover, Quality Control Manager
B-12.8 ✓	Status of open complaints up to 4/8/98	Andy Coates, Admin. Asst
B-12.9 ✓	Log of escalated complaints for Snyder at GTENS used to test whether all escalated complaints have been received by Snyder	Liz Smith, GTE Post-Sales Fulfillment, LD
B-12.10	Test results for tracing of non-escalated complaints sent by GTECC to Snyder	Auditor prepared

SCOPE:

IAD obtained listing of all customer and PUC/FCC complaints maintained by both GTE (B-12.9) and Snyder (B-12.2), and performed the following tests:

Selected a haphazard sample of 25 complaints (B-12.1) for unauthorized switching from the listing and traced to supporting documentation. Sample was picked from the following offices: Queens, Brooklyn, Houston & Miami. The majority of complaints chosen were escalated complaints.

B-12.3
12.4
12.5
12.6

For each complaint researched:

1. Traced to supporting documentation showing action plan taken to resolve complaint (step a. on B-12.1);
2. Determined if the complaint was resolved in a timely manner (step b. on B-12.1); *See B-12.8*

Customer Complaints Testwork

B-12.1
Susan North

#	BTN	TranDate	Req Date	Rep ID	Action Plan	Action Plan Recd Date	Audit by QA	Testwork steps:					
								a	b	c	d	e	
B-12.3 1	212-427-3312	2/25/98	3/23/98	6866	Suspended/later term.	3/24/98	No	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	n/a	<input checked="" type="checkbox"/>	n/a	Term 3/30/98
2	212-427-3312	3/18/98	3/23/98	6866	Suspended/later term.	3/24/98	No	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	n/a	<input checked="" type="checkbox"/>	n/a	Term 3/30/98
3	212-769-3963	2/11/98	3/23/98	6883	Suspended/later term.	3/24/98	No	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	n/a	<input checked="" type="checkbox"/>	n/a	Term 3/30/98
B-12.3 4	281-496-9474	1/30/98	3/26/98	11210	Terminated 4/8/98	4/8/98	No	E1 & E2	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	n/a	n/a	
5	305-651-6513	2/27/98	3/20/98	10176	Written warning/invest	4/1/98	Yes	E1	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	n/a	n/a	<input checked="" type="checkbox"/>
6	318-989-8056	2/7/98	3/27/98	9992	Re-Training 4/17/98	4/13/98	No	E2	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	n/a	n/a	<input checked="" type="checkbox"/>
7	516-486-6142	2/8/98	3/14/98	7759	Terminated 2/24/98	3/16/98	Yes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	n/a	n/a	<input checked="" type="checkbox"/>
8	718-468-8740	2/7/98	3/23/98	8186	Written warning	3/25/98	No	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	n/a	n/a	<input checked="" type="checkbox"/>	
9	718-499-0200	2/12/98	3/31/98	6631	Terminated 2/24/98	4/15/98	No	E1	<input type="checkbox"/>	<input checked="" type="checkbox"/>	n/a	n/a	<input checked="" type="checkbox"/>
10	718-627-6352	1/15/98	3/19/98	6212	Terminated	3/23/98	No	<input checked="" type="checkbox"/>	<input type="checkbox"/>	See d	<input checked="" type="checkbox"/>	n/a	<input checked="" type="checkbox"/>
11	718-927-3953	2/9/98	3/26/98	8131	Terminated	4/14/98	No	E1	<input type="checkbox"/>	See d	<input checked="" type="checkbox"/>	n/a	<input checked="" type="checkbox"/>
12	281-298-7292	2/1/98	3/18/98	3923	Re-Training 3/19/98	3/23/98	No	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	n/a	n/a	n/a	<input checked="" type="checkbox"/>
13	305-225-9146	1/25/98	3/2/98	1781	Re-Training	3/10/98	No	E2	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	n/a	n/a	<input checked="" type="checkbox"/>
14	305-56-8203	2/18/98	2/17/98	54081	Re-Training/later term.	3/3/98	No	E1&E2	<input type="checkbox"/>	<input checked="" type="checkbox"/>	n/a	n/a	<input checked="" type="checkbox"/> Term. 3/16/98
15	305-754-7270	2/12/98	3/18/98	4110	Re-Training/later term	3/31/98	No	E1&E2	<input type="checkbox"/>	<input checked="" type="checkbox"/>	n/a	n/a	<input checked="" type="checkbox"/> Term. 4/98
16	305-770-0313	2/27/98	3/19/98	3498	Re-Training	3/31/98	No	E1&E2	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	n/a	n/a	<input checked="" type="checkbox"/>
17	305-854-9150	1/15/98	3/4/98	7720	Backend-Retraining	3/10/98	No	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	n/a	n/a	<input checked="" type="checkbox"/>	
18	305-888-0438	1/28/98	3/2/98	54081	Re-Training/later term.	3/10/98	Yes	E2	<input type="checkbox"/>	<input checked="" type="checkbox"/>	n/a	n/a	<input checked="" type="checkbox"/> Term 3/16/98
19	407-656-3325	2/3/98	3/18/98	9041	Re-Training	3/31/98	Yes	E1	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	n/a	n/a	<input checked="" type="checkbox"/>
20	516-798-7521	1/15/98	3/12/98	7759	Terminated 2/24/98	3/12/98	Yes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	n/a	n/a	<input checked="" type="checkbox"/>
21	516-877-9563	1/13/98	3/2/98	7760	Terminated 2/24/98	3/5/98	Yes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	n/a	n/a	<input checked="" type="checkbox"/>
22	713-664-6115	2/3/98	3/18/98	17433	Written warning	3/23/98	Yes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	n/a	n/a	<input checked="" type="checkbox"/>	
23	718-257-4485	2/10/98	3/13/98	5510	Terminated	3/18/98	No	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	n/a	n/a	<input checked="" type="checkbox"/>
24	718-897-5980	2/5/98	3/12/98	8885	Written warning	3/16/98	No	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	n/a	n/a	<input checked="" type="checkbox"/>	
25	718-919-8863	2/10/98	3/18/98	18428	Terminated 3/30/98	3/23/98	No	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	n/a	n/a	<input checked="" type="checkbox"/>

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The following tests were performed for the columns listed:

- Verified the receipt of action plan (rec'd date) was within 72 hours per Snyder & GTE policy.
- Traced to supporting documentation.
- If the action plan was listed as termination, verified the rep. was listed as inactive in CAPS with description of termination listed as unauthorized sales. CAPS is the payroll system.
- If the action plan was listed as termination or suspension, but rep. was listed as active in CAPS, ran a production report on the representative to see if they are inactive
- If action plan was re-training, traced rep. ID to entire log to ensure was only 1 complaint and if action plan was written warning ensured that there was no more than two complaints.

Tickmarks:

- Tested with no exceptions
- Obtained verbal verification from manager that rep. participated in re-training.
- For confidentiality reasons, did not want to give us termination forms, HR mgr. verified that these reps. were terminated.
- This rep. only received re-training after 1st complaint and was later fired after investigation of 2nd complaint

E-1 See B-12
E-2 pg 2/4

SOURCE -
 Snyder
 prepared
 document -
 customer
 complaints
 worksheet

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18499

JK

B-12.1
 S 3/23/98
 WJN

CRC Complaints - (1/1 - 4/8)

Sample #

1

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OTM/FLD	BTN	TranDate	QC Req Date	Response Date	Classification	DomInt	Repld	Status	Off	Requestor	Action Plan
OTM	2013848885	19980302	3/25/98	4/1/98	100	I	16753	Active	SNY	MM	Retraining
Field	2025443035	19980228	4/8/98	4/8/98	100	I/D	3727	WDC	Inactive	MP	Terminated - 4/6/98
Field	2025443035	19980228	4/8/98		100	I/D	3727			MP	
Field	2026670905	19980302	3/26/98	4/1/98	100	I/D	3689	WDC	Inactive	EG	Terminated - 3/30/98
Field	2068705002	19980222	3/27/98	4/2/98	100	I/D	10012	SEW	Inactive	PF	Terminated - 3/11/98
Field	2068783977	19980225	3/30/98	4/2/98	100	I/D	10012	SEW	Inactive	EG	Terminated - 3/11/98
Field	2123271047	19980206	4/3/98		100	I/D	6032			BW	
Field	2124273227	19980128	3/12/98	3/24/98	100	I/D	2380	Active	NNY	MM	Coaching/Supervision/Refresher Training
Field	2124273312	19980225	3/23/98	4/6/98	100	I/D	6866	Active	BKN	TS	Terminated 3/30/98 Suspended
Field	2124273312	19980318	3/23/98	4/6/98	100	I/D	6866	Active	BKN	TS	Terminated 3/30/98 Suspended
Field	2125352395	19980227	3/30/98		100	I/D	6866	BKN	Active	PF	
Field	2125459547	19980217	3/25/98		100	I/D	6026	Active	QNY	BW	Just Received, Responses will appear on next week's report
Field	2126630735	19980213	3/25/98	4/1/98	100	I/D	5501	Active	QNY	PF	Written Warning
Field	2127693963	19980211	3/23/98		100	I/D	6883	Active	BKN	BW	Just Received, Responses will appear on next week's report - Suspended
Field	2127722501	19980209	4/7/98		100	I/D	3677			TS	
Field	2128758502	19980228	4/8/98		100	I/D	6866				
Field	2129270183	19980203	4/6/98		100	I/D	4559				
OTM	2132276898	19980217	3/5/98	3/13/98	100	I	9665	Active	SNY		Observation
OTM	2132338936	19980121	3/5/98	3/19/98	100	I	16936	Active	SNY		ching/Supervision/Refresher Training
OTM	2135600351	19980226	3/17/98		100	I	20232	Active	SNY		No Response from Field
Field	2143500428	19980118	3/27/98		100	I/D	9255	DAL	Active		
Field	2152251448	19980220	4/7/98	4/8/98	100	I/D	11006		PHL		Terminated
Field	2539310793	19980220	3/27/98	4/2/98	100	I/D	9133	SEW	Active		Observation - 4/2/98
Field	2814969474	19980130	3/28/98	4/8/98	100	I/D	11210	HOU	Active		Terminated - 4/8/98
OTM	3036668631	19980209	3/23/98	4/1/98	100	I	13650	Active	SNY		Retraining
Field	3052256997	19980213	4/6/98		100	I/D	18378				
Field	3055533331	19980218	3/26/98	4/6/98	100	I/D	377	MIF	Inactive		Refresher Training
Field	3055567838	19980120	4/8/98		100	I/D	9563				
Field	3056496103	19980220	4/8/98	4/8/98	100	I/D	6038	MIF	Active		Investigation
Field	3056518513	19980227	3/20/98		100	I/D	10176	Active	MIF		No Response from Field - Written Warning + Investigation
Field	3058267543	19980310	4/8/98		100	I/D	4991				
Field	3058600128	19980228	4/8/98		100	I	6289				
OTM	3103988571	19980204	4/1/98		100	I	13049	SNY	Active		
OTM	3186456298	19980217	3/11/98	3/19/98	100	I	13449	Active	SNY		Coaching/Supervision/Refresher Training
Field	3189898056	19980207	3/27/98		100	I/D	9992	HOU	Active	DW	Refresher Training 4/12/98
OTM	3196452437	19980317	3/25/98	4/1/98	100	I	10187	Active	SNY	EG	Retraining
OTM	4128240410	19980130	3/16/98		100	I	20395	Active	SNY	MM	No Response from Field
OTM	4196369872	19980204	4/1/98		100	I	9098	SNY	Active	ML	
OTM	4404283239	19980128	3/5/98	3/13/98	100	I	14191	Active	SNY	TS	Rep received a coaching
OTM	5016324863	19980312	3/24/98	4/1/98	100	I	16905	Active	SNY	MM	Retraining
Field	5052585764	19980201	3/23/98	3/27/98	100	I/D	7635	Active	ELP	PF	Retraining - 3/25/98
OTM	5129917894	19980302	3/27/98	4/2/98	100	I	20552	SNY	Inactive	DW	Terminated - 3/9/98
Field	5184866142	19980208	3/18/98	3/24/98	100	I/D	7759	Inactive	QNY	TS	Terminated 2/24/98
Field	5184895218	19980212	3/25/98	3/25/98	100	I/D	6627	Active	QNY	MM	Verbal Warning

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 GTE Communications Corp.

18500

18

For Hillman
see p. 8/8

Source -
Analy
Admin Ass.
103 of
complaints
for training
on hand
at Snyder

6-12-98
See 4/98
Wur 908

Field	✓ 5167418776	19980213	4/7/98	4/8/98	100	I/D	6597			MP	Refresher Training/Coaching
OTM	✓ 5206248929	19980205	3/5/98	3/13/98	100	I	9094	Active	SNY	MM	Observation
OTM	✓ 5614876707	19980126	3/5/98	3/10/98	100	I	20181	Inactive	SNY	TS	Terminated
Field	✓ 6022684420	19980206	4/3/98	4/7/98	100	I/D	9885			BW	Verbal Warning - 4/6/98
Field	✓ 6267995888	19980326	4/7/98		100	I/D	9260			TS	
OTM	7026399414	19980302	3/26/98	4/2/98	100	I	10200	SNY	Inactive	LA	Terminated - 3/25/98
OTM	7039313194	19980209	3/5/98	3/10/98	100	I	20393	Inactive	SNY	NR	Terminated
OTM	✓ 7068558147	19980123	4/1/98		100	I	20185	SNY	Active	ML	
Field	✓ 7182575602	19980129	4/1/98		100	I/D	8131	BKN	Active	ML	
Field	✓ 7182618692	19980201	3/31/98	4/8/98	100	I/D	8885	QNY	Active	TS	Suspended
Field	✓ 7182793888	19980125	3/23/98	3/25/98	100	I/D	1994	Inactive	LAA	PF	Terminated - 3/6/98
Field	✓ 7182927186	19980129	3/25/98	4/6/98	100	I/D	9493	Active	QNY	MM	Refresher Training/Coaching
Field	✓ 7183726634	19980226	4/8/98		100	I/D	6799			MP	
Field	7183816689	19980215	4/3/98		100	I/D	3317			BW	
Field	✓ 7183816689	19980304	4/3/98		100	I/D	4040			BW	
Field	✓ 7183928696	19980205	4/8/98		100	I/D	7967			MP	
Field	7183928696	19980216	4/8/98		100	I/D	54178			MP	
Field	✓ 7184245120	19980212	4/1/98		100	I	9036	QNY	Active	TS	
Field	✓ 7184247080	19980126	3/30/98		100	I/D	2608	QNY	Active	DK	
Field	✓ 7184582091	19980206	4/8/98		100	I/D	506			MP	
Field	✓ 7184621192	19980120	4/3/98	4/1/98	100	I/D	5872			BW	Terminated
Field	✓ 7184688740	19980207	3/20/98	4/1/98	100	I/D	8186	Active	QNY	YL	Written Warning
Field	✓ 7184785439	19980209	03/17/98	3/24/98	100	I/D	6029	Active	QNY	TS	Written Warning
Field	✓ 7184990200	19980212	3/31/98	4/2/98	100	I/D	6831	QNY	Inactive	TS	Terminated - 2/24/98
Field	✓ 7186276352	19980115	3/19/98		100	I/D	6212	Active	BKN	BW	Just Received, Responses will appear on next week's report
Field	✓ 7187393449	19980206	4/8/98	4/8/98	100	I/D	2190	QNY	Active	BW	Refresher Training
Field	7188930019	19980128	4/8/98		100	I/D	8757			MM	
Field	✓ 7188989751	19980114	4/1/98		100	I/D	54045	QNY	Active	ML	Terminated
Field	✓ 7189273953	19980209	3/28/98		100	I/D	8131	BKN	Active	JG	Terminated
Field	✓ 7739274014	19980131	4/6/98	4/8/98	100	I/D	30741			TS	Terminated - 3/12/98
OTM	✓ 8013710539	19980226	3/27/98		100	I	20337	SNY	Active	PF	
OTM	✓ 8136213615	19980224	3/25/98	4/1/98	100	I	14277	Active	SNY	MM	Retraining
OTM	8174855748	19980224	4/7/98		100	I	44049			EG	
OTM	✓ 9073581468	19980113	4/1/98		100	I	16721	SNY	Active	ML	
OTM	✓ 9089030050	19980115	4/1/98	4/3/98	100	I	16994	SNY	Active	ML	Monitored/Coached
OTM	✓ 9098570068	19980223	3/27/98		100	I	7910	SNY	Active	MM	
OTM	✓ 9142545425	19980303	3/27/98		100	I	20558	SNY	Active	MM	
OTM	✓ 9149971760	19980317	4/2/98		100	I	9965			TS	
Field	9155655112	19980217	3/26/98	4/7/98	100	I/D	8653	ELP	Active	LA	Terminated - 4/6/98
Field	✓ 9155779454	19980111	3/27/98		100	I/D	8055	ELP	Active	DK	
Field	✓ 9155984158	19980214	4/6/98		100	I/D	9759			PF	
Field	✓ 9544573858	19980219	3/27/98		100	I/D	10169	MIF	Active	DW	
OTM	✓ 9724943612	19980208	3/27/98	4/2/98	100	I	16956	SNY	Inactive	PF	Terminated - 3/6/98
OTM	✓ 9724943612	19980208	3/27/98	4/2/98	100	I	16956	SNY	Inactive	PF	Terminated - 3/6/98
OTM	✓ 8782635009	19980120	3/5/98	3/10/98	100	I	20181	Inactive	SNY	TS	Terminated
Field	2023962783	19980117	2/9/98		100	I/D	08140	Inactive	WDC		Terminated
Field	2023974849	19980117	1/30/98		100	I/D	05561	Active	WDC		Suspension/Retraining

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Just Received, Responses will appear on next week's report

Terminated

Field	2025753565	19980130	3/13/98	3/18/98	100	I/D	03727	Active	WDC	KT	3 Day Suspension (3/19 - 3/21)-Retraining	
Field	2026102451	19980201	3/11/98	3/16/98	100	I/D	06861	Active	WDC	PF	B200 Suspended pending Investigation	
Field	2065245667	19980108	1/30/98		100	I/D	54012	Inactive	SEW		Terminated	
Field	2067067113	19980109	2/13/98	3/13/98	100	I	04220	Active	LAA	CB	Terminated - 3/2/98	
Field	2122680844	19980122	2/25/98		100	I/D	07086	Active	QNY	MM	Terminated	
Field	2122897036	19980208	3/5/98	3/13/98	100	I/D	02325	Active	QNY	NM	Verbal Warning	
Field	2124239371	19980226	3/18/98	3/23/98	100	I/D	09831	Active	NNY	DSA	Audited - 3/12/98/Suspended thereafter	
Field	2124273227	19980128	3/2/98	3/10/98	100	I/D	02380	Active	NNY	MM	B200 Back End Qc investigation/suspension pending	
Field	2124769557	19980206	3/5/98		100	I/D	09831	Active	NNY	DS	No response from the Field	
Field	2126667349	19980222	3/19/98	3/24/98	100	I/D	10029	Active	NNY	MM	Suspended pending Investigation - 3/24/98	
Field	2127870112	19980125	3/13/98	3/24/98	100	I/D	05988	Active	QNY	CC	Written Warning	
Field	2132344909	19980215	3/5/98	3/11/98	100	I/D	05110	Active	LAC	IM	Probation - 3/9/98	
Field	2137798037	19980121	2/3/98		100	I/D	09256	Active	LAA		QC Investigation/Suspension	
Field	2146540838	19980208	3/5/98		100	I/D	07384	Active	DAL	NM	No response from the Field	
Field	2149412481	19980207	2/20/98	3/10/98	100	I/D	07383	Active	DAL	LA	Observation/Verbal Warning	
Field	2156246181	19980109	3/11/98	3/11/98	100	I/D	54096	Inactive	PHL	PF	Terminated	
Field	2156247418	19980110	2/11/98		100	I/D	54096	Active	PHL	PG	Suspended	
Field	2156247418	19980110	2/5/98	3/10/98	100	I/D	54096	Active	PHL	PG	B200 Back End Qc investigation/suspension pending	
Field	2156247418	19980110	3/13/98	3/23/98	100	I/D	54096	Inactive	PHL	PG	Terminated	
Field	2158876060	19980112	3/5/98	3/11/98	100	I/D	54096	Inactive	PHL	TS	Terminated	
Field	2538384420	19980117	2/9/98		100	I/D	54012	Inactive	SEW	SQ	Terminated	
Field	2538386233	19980124	3/2/98	3/10/98	100	I/D	54012	Inactive	SEW	MM	Terminated	
Field	2538460638	19980109	2/13/98		100	I/D	01426	Active	SEW	DK	No Response from Field	
Field	2538506954	19980110	1/26/98		100	I/D	54012	Inactive	SEW		Terminated	
Field	2539460441	19980108	2/11/98		100	I/D	15554	Active	SEW	BH	No Response from Field	
12	Field	2812987292	19980201	3/18/98	3/23/98	100	I/D	39239	Active	HOU	MF	Retraining-3/19/98
Field	2814277905	19980119	3/13/98	3/23/98	100	I/D	05567	Active	HOU	GC	Written Warning	
Field	2815317175	19980130	3/13/98	3/23/98	100	I/D	11210	Active	HOU	FS	Written Warning	
Field	2819870874	19980213	3/18/98	3/23/98	100	I/D	09147	Active	HOU	DS	Written Warning	
Field	3016491361	19980117	2/13/98	3/10/98	100	I/D	54096	Active	PHL	DG	B200 Back End Qc investigation/suspension pending	
Field	3022344023	19980124	2/11/98		100	I/D	01567	Active	LAA	YL	Terminated	
Field	3022344023	19980124	2/10/98	3/10/98	100	I/D	01567	Active	LAA	YL	Terminated	
Field	3052250638	19980118	2/16/98	3/10/98	100	I	17637	Active	MIF	GC	QC Investigation/Suspension/Pending Field	
13	Field	3052258146	19980125	3/2/98	3/10/98	100	I/D	01781	Active	MIF	MM	Backend-Retraining
Field	3052658781	19980216	3/18/98	3/25/98	100	I/D	18378	Active	MIF	MF	Refresher Training	
Field	3052784150	19980203	2/19/98	3/10/98	100	I	09165	Active	MIF	LH	Termination - 3/9/98	
Field	3055411939	19980302	3/18/98	3/25/98	100	I/D	18380	Active	MIF	DS	Refresher Training	
Field	3055516491	19980301	3/18/98	3/25/98	100	I/D	01802	Active	MIF	BV	Refresher Training	
Field	3055588203	19980126	2/17/98		100	I/D	54081	Active	MIF	DSA	No Response from Field	
14	Field	3055588203	19980213	2/17/98	3/11/98	100	I/D	01781	Active	MIF	DSA	Retraining-3/12/98
Field	3055679383	19980126	2/17/98	3/10/98	100	I/D	05447	Active	MIF	CP	QC Investigation/Suspension/Pending Field/Retraining	
Field	3056358250	19980130	2/19/98	3/10/98	100	I/D	30567	Active	MIF	LH	QC Investigation/Suspension/Pending Field/Retraining	
Field	3056377667	19980116	3/5/98	3/13/98	100	I	07041	Active	MIF	BV	Refresher Training-3/19/98	
Field	3056381340	19980215	3/18/98	3/25/98	100	I	06289	Active	MIF	NR	Refresher Training	
Field	3056383401	19980201	2/18/98	3/10/98	100	I/D	06537	Active	MIF	LH	QC Investigation/Suspension/Pending Field/Retraining	
Field	3056389209	19980204	2/19/98	3/10/98	100	I	06289	Active	MIF	LH	QC Investigation/Suspension/Pending Field/Retraining	
Field	3056496535	19980128	2/19/98	3/10/98	100	I/D	30525	Active	MIF	LH	QC Investigation/Suspension/Pending Field/Retraining	

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15	Field	3056858670	19980111	2/9/98		100	I/D	54088	Active	MIF	CA	No Response from Field
16	Field	3056876693	19980125	2/18/98	3/10/98	100	I/D	06240	Active	MIF	JA	QC Investigation/Suspension/Pending Field/Retraining
	Field	3057523061	19980119	2/12/98	3/10/98	100	I/D	06038	Active	MIF	CB	QC Investigation/Suspension/Pending Field/Retraining
	Field	3057547270	19980212	3/18/98		100	I	04110	Inactive	MIF	TS	No Response from Field - Refresher training Δ
	Field	3057700313	19980227	3/19/98	4/1/98	100	I/D	03498	Active	MIF	DK	Refresher Training
	Field	3057703422	19980131	3/13/98	3/24/98	100	I/D	06038	Active	MIF	JA	Retraining
	Field	3058218345	19980130	2/19/98	3/10/98	100	I	09165	Active	MIF	LH	Termination - 3/9/98
	Field	3058287610	19980129	2/17/98	3/10/98	100	I/D	09165	Active	MIF	DSA	Terminated- 3/9/98
	Field	3058547524	19980122	3/5/98	3/13/98	100	I/D	04991	Active	MIF	NM	Refresher Training-3/19/98
17	Field	3058549150	19980115	3/4/98	3/10/98	100	I/D	07720	Active	MIF	DK	Backend-Retraining - 3/11/98
	Field	3058661309	19980201	3/18/98	3/25/98	100	I/D	08572	Active	MIF	MF	Refresher Training
	Field	3058668954	19980129	2/17/98		100	I/D	01760	Inactive	MIF	DSA	Terminated
	Field	3058850214	19980127	3/18/98	3/25/98	100	I/D	31928	Active	MIF	AC	QC Investigation
	Field	3058852338	19980205	3/18/98	3/25/98	100	I/D	01778	Active	MIF	MF	Refresher Training
	Field	3058852338	19980220	3/18/98	3/25/98	100	I	06534	Active	MIF	MF	Refresher Training
	Field	3058855070	19980219	3/18/98		100	I/D	10831	Active	MIF	DS	No Response from Field
18	Field	3058880438	19980128	3/2/98	3/10/98	100	I	54081	Active	MIF	MM	Retraining
	Field	3106444515	19980211	3/5/98	3/11/98	100	I/D	42160	Inactive	LAC	IN	Terminated - 2/19/98
	Field	3109737277	19980125	3/5/98	3/11/98	100	I/D	42160	Inactive	LAC	DS	Terminated - 2/19/98
	Field	3109737277	19980130	3/5/98	3/11/98	100	I/D	42160	Inactive	LAC	DS	Terminated - 2/19/98
	Field	4042898156	19980214	3/5/98		100	I/D	02944	Active	ATL	TN	No response from the Field
	Field	4042898156	19980121	3/5/98		100	I/D	17002	Active	ATL	TN	No response from the Field
	Field	4043776978	19980119	2/26/98	3/13/98	100	I/D	00022	Active	ATL	SE	Observation
	Field	4046344559	19980128	3/18/98		100	I/D	02742	Active	ATL	TS	No Response from Field
	OTM	4073289214	19980202	2/14/98		100	I	20353	Active	SNY	RW	No Response from Field
	OTM	4076399697	19980119	2/11/98		100	I	20626	Active	SNY		Could not find tape
19	Field	4076563325	19980203	3/18/98		100	I/D	09041	Active	MIF	TS	No Response from Field - Refresher training Δ
	OTM	4128853198	19980115	2/2/98		100	I	16750	Active	SNY	EG	No Response from Field
	OTM	4142651743	19980113	2/2/98		100	I	11468	Active	SNY	DM	No Response from Field
	Field	4144647073	19980205	3/13/98	3/24/98	100	I/D	17070	Active	MIW	JB	Coaching/Supervision/Refresher Training
	OTM	4152855509	19980121	2/9/98		100	I	20181	Active	SNY		No records on file
	Field	4252354565	19980109	2/3/98		100	I/D	09061	Active	SEW		Verbal Warning/Refresher Train
	OTM	5088229490	19980128	3/2/98		100	I	20811	Active	SNY	MM	No Response from Field
	Field	5096974509	19980109	1/30/98		100	I/D	15554	Active	SEW		Retraining
	Field	5163780637	19980128	2/17/98		100	I/D	07760	Active	QNY	DSA	Terminated
	Field	5164852114	19980116	2/11/98		100	I/D	07968	Active	QNY	RG	Verbal Warning
	Field	5164852114	19980116	2/11/98	3/10/98	100	I/D	07968	Active	QNY	RG	Terminated
	Field	5164864172	19980125	2/17/98	3/10/98	100	I/D	07968	Active	QNY	CP	Terminated
	Field	5164865565	19980110	2/4/98		100	I/D	07154	Active	QNY		Verbal Warning
	Field	5164866925	19980203	2/19/98	3/10/98	100	I/D	07766	Active	QNY	LH	Terminated
	Field	5165385945	19980113	2/9/98		100	I/D	07968	Active	QNY	BV	Verbal Warning
	Field	5187837959	19980113	3/10/98	3/10/98	100	I	07759	Inactive	QNY	DK	Terminated
	Field	5187837959	19980113	3/16/98	3/24/98	100	I	07759	Inactive	QNY	DK	Terminated
20	Field	5187987521	19980115	3/12/98	3/24/98	100	I/D	07759	Inactive	QNY	MM	Terminated
	Field	5168278439	19980124	3/13/98	3/20/98	100	I/D	04225	Active	LAA	BR	Terminated-3/19/98
	Field	5168723086	19980128	3/2/98	3/10/98	100	I/D	07759	Active	QNY	MM	Terminated
	Field	5166723086	19980128	3/4/98	3/10/98	100	I/D	07759	Active	QNY	MM	Terminated

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21	Field	5168768331	19980131	3/5/98	3/10/98	100	I/D	07768	Inactive	QNY	NR	Terminated
	Field	5168769773	19980131	3/5/98	3/10/98	100	I/D	07759	Inactive	QNY	NM	Terminated
	Field	5168779563	19980113	3/2/98	3/10/98	100	I/D	07760	Active	QNY	MM	Terminated
	Field	5168894591	19980113	3/13/98	3/24/98	100	I/D	07759	Inactive	QNY	DC	Terminated
	Field	5169221620	19980114	2/11/98		100	I/D	07759	Active	QNY	RC	Terminated
	Field	5169221620	19980114	2/11/98	3/10/98	100	I/D	07759	Active	QNY	RC	Terminated
	OTM	5206248929	19980205	3/2/98		100	I	9094	Active	SNY	MM	No Response from Field
	OTM	5206248929	19980205	3/13/98	3/24/98	100	I	9094	Active	SNY	RM	Coaching/Supervision/Refresher Training
	Field	6022786314	19980131	2/19/98		100	I/D	09815	Active	PHX	LH	No Response from Field
	Field	6022786314	19980210	2/19/98		100	I/D	01878	Active	PHX	LH	No Response from Field
	Field	6095410572	19980128	3/13/98	3/23/98	100	I/D	09827	Active	PHL	JB	Coaching/Supervision/Refresher Training
	Field	6097570023	19980115	2/17/98	3/10/98	100	I/D	06136	Active	PHL	AN	Terminated
	Field	6099632143	19980217	3/13/98	3/23/98	100	I/D	09551	Active	PHL	JF	Coaching/Supervision/Refresher Training
	Field	6099632143	19980112	3/13/98	3/23/98	100	I/D	15000	Active	PHL	JF	Coaching/Supervision/Refresher Training
	Field	6104499932	19980109	1/31/98		100	I/D	54096	Active	PHL		Observation/Refresher Train/Verbal Warn
	Field	6194743434	19980122	3/5/98	3/11/98	100	I/D	08072	Inactive	LAA	FT	Terminated
	OTM	6268108823	19980127	2/17/98		100	I	20462	Active	SNY	VK	No Response from Field
	Field	6303729659	19980124	2/19/98		100	I/D	01921	Active	CHI	LH	No Response from Field
	OTM	7034300097	19980122	3/13/98	3/24/98	100	I	7913	Active	SNY	SB	Coaching/Supervision/Refresher Training
	OTM	7045328503	19980205	2/6/98		100	I	20393	Active	SNY		Monitor/Retrain
22	Field	7134336344	19980202	2/19/98	3/10/98	100	I/D	05567	Active	HOU	LH	QA Monitoring (OTM)
	Field	7136646115	19980203	3/18/98	3/23/98	100	I/D	17433	Active	HOU	DS	Written Warning
	Field	7136751965	19980201	2/12/98	3/10/98	100	I/D	17433	Active	HOU	LH	400 Refresher Training
	Field	7136929078	19980202	3/5/98	3/11/98	100	I/D	03923	Active	HOU	DS	QA Monitoring (OTM)
	Field	7136942321	19980203	2/19/98	3/10/98	100	I/D	02907	Active	HOU	LH	QA Monitoring (OTM)
	Field	7138638889	19980124	2/12/98	3/13/98	100	I	02969	Active	LAA	DAG	Terminated - 3/9/98
	OTM	7168741764	19980206	2/6/98		100	I	20318	Active	SNY		Order Canceled
	Field	7182391277	19980126	3/5/98	3/11/98	100	I/D	09494	Active	BNY	MF	Terminated
23	Field	7182574485	19980210	3/13/98	3/18/98	100	I/D	05510	Inactive	BKN	JB	Terminated
	Field	7182578481	19980119	2/11/98		100	I/D	05515	Active	BKN	JR	Suspended
	Field	7182578481	19980119	2/11/98		100	I/D	05515	Active	BKN	JR	No Response from Field
	Field	7182683289	19980117	1/31/98		100	I/D	07154	Active	QNY		Written Warning
	Field	7182965691	19980121	2/16/98	3/10/98	100	I/D	02587	Inactive	QNY	PH	Terminated
	Field	7183212875	19980121	2/24/98	3/10/98	100	I	01820	Active	QNY	RS	Terminated - 2/20/98
	Field	7183353106	19980122	2/11/98		100	I/D	01819	Active	QNY	GR	Terminated
	Field	7183353106	19980122	2/11/98	3/10/98	100	I/D	01819	Active	QNY	GR	Terminated
	Field	7183353106	19980203	2/11/98	3/10/98	100	I/D	04822	Active	QNY	GR	Verbal Warning
	Field	7183660679	19980122	2/11/98		100	I/D	07972	Active	QNY	SM	Terminated
	Field	7183660679	19980122	2/11/98	3/10/98	100	I/D	07972	Active	QNY	SRM	Terminated
	Field	7183661486	19980203	3/5/98	3/16/98	100	I/D	07970	Active	QNY	BV	Verbal Warning
	Field	7183661486	19980130	3/5/98	3/11/98	100	I/D	07972	Active	QNY	BV	Terminated
	Field	7183662288	19980131	3/4/98	3/10/98	100	I/D	05748	Active	QNY	PF	Terminated
	Field	7183811187	19980123	3/5/98	3/10/98	100	I/D	02291	Inactive	QNY	DS	Terminated
	Field	7183811187	19980222	3/5/98	3/13/98	100	I/D	04040	Active	QNY	DS	Written Warning
	Field	7183816354	19980206	3/5/98	3/10/98	100	I	05748	Active	QNY	DS	Terminated
	Field	7183960653	19980118	2/17/98		100	I/D	01819	Active	QNY	MF	Terminated
	Field	7183960653	19980117	2/17/98		100	I/D	06205	Active	QNY	MF	Terminated

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Field	7183970619	19980117	2/9/98		100	I/D	03675	Active	QNY	JB	Written Warning
Field	7184240684	19980124	3/5/98	3/13/98	100	I/D	31754	Inactive	QNY	NM	Terminated
Field	7184249759	19980212	3/18/98	3/24/98	100	I/D	01820	Active	QNY	DS	Written Warning
Field	7184261972	19980120	2/9/98		100	I/D	02422	Active	QNY	SM	Terminated
Field	7184261972	19980120	3/13/98	3/24/98	100	I/D	02422	Inactive	QNY	AM	Written Warning
Field	7184287910	19980209	3/5/98	3/13/98	100	I/D	07076	Active	QNY	DS	Terminated
Field	7184290070	19980123	3/18/98	3/24/98	100	I/D	04359	Active	QNY	DS	Written Warning
Field	7184290070	19980222	3/18/98	3/24/98	100	I/D	06792	Active	QNY	DS	Written Warning
Field	7184295683	19980101	3/5/98	3/13/98	100	I/D	04366	Active	QNY	MF	Written Warning
Field	7184297240	19980114	2/9/98		100	I/D	31308	Active	ELP	CA	Terminated
Field	7184443494	19980121	3/5/98	3/11/98	100	I/D	09504	Active	BKN	NM	Suspended
Field	7184462762	19980206	3/5/98	3/10/98	100	I/D	4578	Inactive	QNY	BV	Terminated
Field	7184576090	19980121	2/17/98		100	I/D	00506	Active	QNY	LH	No Response from Field
Field	7184656697	19980123	3/5/98	3/13/98	100	I/D	03317	Active	QNY	MF	Terminated
Field	7184781755	19980125	2/19/98	3/10/98	100	I/D	05398	Active	QNY	LH	Terminated
Field	7184781755	19980214	2/19/98	3/10/98	100	I/D	04366	Active	QNY	LH	Written Warning - 2/24/98
Field	7184781755	19980207	2/19/98	3/10/98	100	I/D	05991	Active	QNY	LH	Terminated - 2/20/98
Field	7184785439	19980209	3/18/98	3/24/98	100	I/D	06029	Active	QNY	TS	Written Warning
Field	7184975601	19980206	3/18/98	3/24/98	100	I/D	06597	Active	QNY	DS	Written Warning
Field	7186364471	19980124	2/12/98	3/10/98	100	I/D	06630	Active	QNY	CB	Terminated - 2/23/98
Field	7186391476	19980204	3/5/98	3/10/98	100	I	05748	Active	QNY	MF	Terminated
Field	7186492423	19980115	1/31/98		100	I/D	06845	Inactive	BKN		Terminated
Field	7186997887	19980121	2/17/98		100	I/D	07974	Active	QNY	LH	Terminated
Field	7187163398	19980227	3/18/98	3/25/98	100	I/D	11287	Active	BNY	DSA	Terminated - 3/25/98
Field	7187601098	19980211	3/5/98	3/13/98	100	I/D	03675	Inactive	QNY	DS	Terminated
Field	7187601098	19980220	3/5/98	3/13/98	100	I/D	07757	Active	QNY	DS	Verbal Warning
Field	7187765127	19980110	1/28/98		100	I/D	04797	Active	BKN		Probation-All work monitored
Field	7187790176	19980116	3/5/98	3/13/98	100	I	02608	Active	QNY	BV	Verbal Warning
Field	7187790857	19980210	3/5/98	3/13/98	100	I/D	04359	Active	QNY	DS	Written Warning
Field	7187843606	19980117	2/12/98	3/10/98	100	I/D	00506	Active	QNY	DAG	Written Warning - 3/10/98
Field	7187867814	19980126	3/13/98	3/24/98	100	I/D	54178	Active	QNY	MC	Written Warning
Field	7188215972	19980120	3/5/98	3/13/98	100	I/D	04040	Active	QNY	NM	Written Warning
Field	7188495313	19980127	2/17/98		100	I/D	03675	Active	QNY	MF	Written Warning
Field	7188542979	19980131	2/17/98		100	I/D	06449	Active	BKN	DSA	Terminated
Field	7188810341	19980201	3/18/98	3/24/98	100	I/D	00464	Active	QNY	DS	Written Warning
Field	7188864087	19980122	2/12/98	3/10/98	100	I	02190	Active	QNY	AB	Verbal Warning
Field	7188947653	19980128	2/18/98	3/10/98	100	I/D	05748	Active	QNY	BG	Terminated
Field	7188975980	19980205	3/12/98	3/24/98	100	I/D	08885	Active	QNY	MM	Written Warning
Field	7188987010	19980114	2/11/98		100	I/D	07436	Inactive	BKN	CH	Terminated
Field	7188987010	19980114	2/10/98	3/10/98	100	I/D	07436	Inactive	QNY	CH	Terminated
Field	7188992988	19980127	2/17/98		100	I/D	09471	Active	QNY	LA	No Response from Field
Field	7189198863	19980210	3/19/98		100	I/D	18428	Active	BKN	DS	No response from the field - terminated
Field	7189564932	19980126	3/18/98	3/23/98	100	I/D	09193	Inactive	NNY	BV	Terminated - 2/16/98
Field	7189690386	19980125	3/5/98	3/13/98	100	I	02190	Active	QNY	NR	Verbal Warning
Field	7189976118	19980124	3/2/98	3/10/98	100	I/D	06627	Active	QNY	MM	Verbal Warning
Field	7189976118	19980124	3/4/98	3/10/98	100	I/D	06627	Active	QNY	MM	Verbal Warning
Field	7189978118	19980124	3/13/98	3/24/98	100	I/D	06627	Active	QNY	LM	Verbal Warning

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No Response from Field
No response from the field - terminated
3/30/98

OTM	7654474224	19980128	2/9/98		100	I	20406	Active	SNY		No records on file
Field	7732836044	19980119	2/17/98		100	I/D	09233	Active	CHI	LH	Investigation-Termination/Suspension to follow
Field	7735214429	19980122	3/2/98		100	I/D	07337	Active	CHI	MM	No Response from Field
Field	7735214429	19980122	3/4/98		100	I/D	07337	Active	CHI	MM	No Response from Field
Field	7735214429	19980122	3/13/98	3/10/98	100	I/D	07337	Active	CHI	AM	Coaching/Supervision/Refresher Training
Field	7735233299	19980122	2/17/98		100	I/D	03631	Active	CHI	LA	Investigation-Termination/Suspension to follow
OTM	7818998392	19980128	2/17/98		100	I	14387	Active	SNY	DSA	No Response from Field
Field	8047991100	19980112	2/9/98		100	I/D	54096	Active	PHL	KD	Observation/Refresher Train/Verbal Warn
Field	8047991100	19980112	2/9/98	3/10/98	100	I/D	54096	Active	PHL	KD	500 Verbal Warning
Field	8157221537	19980201	2/18/98		100	I/D	07668	Active	CHI	LH	No Response from Field
OTM	8175575921	19980118	2/16/98		100	I	16824	Active	SNY	EH	No Response from Field
Field	8183479525	19980204	3/5/98	3/11/98	100	I/D	07726	Inactive	LAC	NM	Terminated - 3/5/98
OTM	8183688388	19980208	3/13/98		100	I	16625	Active	SNY	EH	No Response from Field
OTM	8645991734	19980120	2/26/98		100	I/D	14482	Active	SNY	DK	No Response from Field
Field	9147914332	19980114	1/31/98		100	I/D	03059	Active	LAA		QC Investigation/Suspension
Field	9147914332	19980114	2/20/98		100	I/D	03059	Active	LAA	DK	QC Investigation/Suspension/Pending Field
Field	9155331280	19980125	3/18/98	3/20/98	100	I/D	04464	Active	ELP	DS	Terminated-over 30 days ago
Field	9155331280	19980112	3/18/98		100	I/D	30501	Active	ELP	DS	No Response from Field
Field	9155443584	19980111	2/11/98	3/10/98	100	I/D	04464	Active	ELP	NR	Terminated- 2/20/98
Field	9155447480	19980211	3/18/98		100	I/D	07540	Active	ELP	MF	No Response from Field
Field	9155448439	19980112	2/17/98		100	I/D	07140	Inactive	ELP	MF	Terminated
Field	9155629229	19980103	1/23/98		100	I/D	04464	Inactive	ELP		Terminated
Field	9155645540	19980205	3/18/98		100	I/D	09516	Active	ELP	BV	No Response from Field
Field	9155650280	19980204	3/13/98	3/20/98	100	I/D	05386	Active	ELP	LM	Retraining-3/19/98
Field	9155654980	19980207	3/18/98		100	I/D	09224	Active	ELP	DS	No Response from Field
Field	9155657341	19980118	2/12/98	3/10/98	100	I/D	07140	Inactive	ELP	DAG	Terminated
Field	9155661901	19980109	2/9/98		100	I/D	08197	Active	ELP	CR	Observation/Verbal Warning
Field	9155667433	19980126	2/19/98	3/10/98	100	I/D	07169	Active	ELP	LH	Observation/Verbal Warning
Field	9155818998	19980109	1/30/98		100	I/D	08612	Active	ELP		Retraining
Field	9155847081	19980204	2/19/98	3/10/98	100	I/D	08059	Active	ELP	LH	Terminated - 3/5/98
Field	9155941542	19980128	3/2/98	3/10/98	100	I/D	07140	Inactive	ELP	MM	Terminated
Field	9155942931	19980204	3/13/98		100	I/D	07640	Active	ELP	BV	No Response from Field
Field	9157555213	19980128	3/13/98	3/20/98	100	I/D	04464	Active	ELP	RD	Terminated- over 30 days ago
Field	9157748957	19980110	2/2/98	3/10/98	100	I	08055	Active	ELP	CP	Observation/Verbal Warning
Field	9157792801	19980118	2/18/98	3/10/98	100	I/D	07841	Active	ELP	AR	Observation/Verbal Warning
Field	9158214166	19980117	2/9/98		100	I/D	07635	Active	ELP	DVW	Observation/Verbal Warning
Field	9158558377	19980210	3/5/98	3/11/98	100	I/D	09854	Active	ELP	DS	Observation/Verbal Warning
Field	9562624443	19980102	1/26/98		100	I/D	07502	Active	MCA		Refresher Training
Field	9724291656	19980215	3/5/98		100	I/D	07379	Active	DAL	DS	No response from the Field
OTM	9782635009	19980120	2/2/98		100	I	20181	Active	SNY		Retraining

6019671845	Not Found	3052259145	Not Found
6129263296	Not Found	9722210089	Not Found
9095914432	Not Found	2548857455	Not Found
7183681834	Not Found	4092688189	Not Found
4179482389	Not Found	5127932854	Not Found
9204088565	Not Found	2022102817	Not Found

18506

9722210089 Not Found
9154966601 Not Found
8045424226 Not Found
5039629206 No Call History

7183661834 Not Found
4043776978 Not Found
4178597016 Not Found
5016874030 Not Found

E-5 Not rec'd
w/in 48 hrs
See B-12 p 3/4

Tickmarks :

✓ = Traced from log
of established complaints
sent to Snyder
on hand at GTE

~ = Traced from complaints
sent to Snyder on
hand at GTE/complaint
resolution

Δ = Traced updated action
plan from investigation
form returned from GSM
- see B-12.3. Per Andy
Contras, the log is not
updated with Action plans
as an updated pending
report B-12.8 is sent
to GTE on a weekly basis
which shows status of
open complaints.

⊗ - Action plan agreed to
investigation form ret'd
from GSM - see B-12.3

⊗ = Compared date LOA rec'd by
Snyder to date request re
complaint to see if LOA rec'd
w/in 48 hrs

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RSM: Gilbert Perez

DSM: Ruben Rios

District: MIF

Rep ID # (See below)

Team Captain:

Type of Inquiry: CRC

Release By: 3/23/98

Return By: 3/26/98

Request Date: 3/18/98 ✓

March 31, 98

Time	Rep ID	Phone	Rep ID	Action code and date
2/3/98	182471612	407-656-3325 ✓	9041	Refresher Training
2/27/98	183233735	305-770-0313 ✓	3498	Refresher Training
2/12/98	182412904	305-754-7270 ✓	4110	Refresher Training

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FOOT SALES

Date Rec'd	Cust Name	Phone Number	State	If/Oof	Date Signed	Rep I	Sup I	Event ID	Fraud	Action
02/05/1998	Lopez, Jorge	(305) 888-0438	FL	OOF	01/02/1998	54087	13928	001	N	Retraining
02/12/1998	Marston, Morrill	(301) 297-4582	MC	OOF	01/29/1998	07886	08140		Y	Terminated
02/20/1998	Lee, Liana J	(212) 268-0844	NY	IF	NO LOA				N	Terminated
02/25/1998	Calderon, Luz	(212) 427-3227	NY	OOF	01/28/1998	02380	11390		Y	Coaching
02/25/1998	Contreras, Cynthia	(915) 594-1542	TX	IF	01/28/1998	7140	17694		N	Terminated
02/25/1998	Gallo, Joseph	(718) 898-9751	NY	OOF	01/14/1998	54045	14345	34528	Y	Terminated
02/25/1998	Vito, Maranzano	(718) 366-2288	NY	OOF	01/31/1998	05748	05748	34328	Y	Terminated
02/26/1998	Benitez, Luz	(718) 997-6118	NY	IF	01/24/1998	06627	05748	34328	Y	Verbal Wrm
02/26/1998	Del Carmen, Juan	(253) 838-6233	WA	OOF	01/24/1998	54012	16142		Y	Terminated
02/26/1998	Fresin, Nadine	(305) 854-9150	FL	OOF	01/15/1998	7720	1143	001	Y	Retraining
02/26/1998	Gullo, Richard	(516) 872-3086	NY	OOF	01/28/1998	07759	05748	34400	Y	Terminated
02/26/1998	Neal, Sway	(215) 887-6060	PA	OOF	01/12/1998	54096	183390		Y	Terminated
02/26/1998	Shapiro, Marta	(718) 353-0252	NY	OOF	01/13/1998	07154	05748	34328	Y	Terminated
02/26/1998	Tablada, Mario	(305) 225-9146	FL	IF	02/22/1998	17637	16006	002	Y	Retraining
02/27/1998	Ortiz, Cecilia	(516) 877-9563	NY	OOF	01/13/1998	07760	05748	3440	Y	Terminated
03/03/1998	Agosta, Lisa	(718) 441-9642	NY	OOF	01/20/1998	06029	31066	013	Y	Written Wrmg
03/03/1998	Fontana, Genie	(310) 973-8946	CA	OOF	01/29/1998	04074	00500	002	Y	probation
03/03/1998	Noto, Anthony	(212) 737-9008	NY	OOF	02/12/1998	02700	00299	013	Y	Terminated
03/09/1998	Israel, Gary	(516) 783-7959	NY	OOF	01/13/1998	07759	05748	34400	Y	Terminated
03/10/1998	Andino, Vincente	(516) 486-6142	NY	OOF	02/08/1998	07759	05748	34400	Y	Terminated
03/10/1998	Danzig, Richard	(215) 624-6181	PA	OOF	01/05/1998	54096	18333		Y	Terminated
03/10/1998	Finke, Gary	(206) 242-1196	WA	OOF	01/24/1998	54012	16142		Y	Terminated
03/10/1998	Hale, Peter	(516) 798-7521	NY	OOF	01/15/1998	07759	05748	3440	Y	Terminated
03/10/1998	Kelly, Vida	(202) 610-2451	DC	OOF	02/01/1998	06861	18392		Y	Suspended
03/10/1998	Yellin, Elissa	(718) 591-7664	NY	OOF	01/17/1998	07154	05748	34328	Y	Terminated
03/11/1998	Cuellar, Lucia	(718) 478-5439	NY	OOF	02/09/1998	06029	31066	013	Y	Written Wrmg
03/11/1998	Smith, Bernice	(718) 468-8740	NY	OOF	02/01/1998	08186	06615		Y	Written Wrmg
03/12/1998	Brawner, Mary	(404) 634-4559	GA	OOF	01/02/1998	02742			Y	Written Wrmg
03/12/1998	Cartwright, Margie	(718) 257-5602	NY	OOF	01/29/1998	08131	16358	13	N	
03/12/1998	George, Nathan	(718) 897-5980	NY	OOF	02/05/1998	08885	08885	013	Y	Written Wrmg
03/12/1998	Queen, Helen	(407) 656-3325	FL	OOF	02/03/1998	09041	31532		Y	refresher trng
03/17/1998	Rosenbluth, Lawrence	(212) 427-3312	NY	OOF	02/25/1998	6866	10358	13	Y	no respnse
03/18/1998	Acevedo, Lucy	(212) 666-7349	NY	OOF	02/22/1998	10029	05772		Y	Suspended
03/18/1998	Hart, Ruby	(305) 651-6513	FL	OOF	02/27/1998	10176	04353	4	Y	no respnse

Traced to log of Snyder to verify Snyder recent complaint

Document - log of escalated complaints sent to Snyder by Liz Smith
 source - Liz Smith, TENS, Post-Sales Fulfillment, LOI/complaints

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 Snyder Communications Investigation
 Various Locations // Audit No. 98-00-025
 Attorney - Client Privileged Material
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See E-3 @ B-12 pg 3/4
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 6/11/99
 WJF

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FOOT SALES

03/18/1998	Montros, Jacqueline	(305) 754-7270	FL	OOF	02/12/1998	04110	01143	004	Y	refresher trng
03/18/1998	Olensky, Patrick	(305) 770-0313	FL	OOF	02/27/1998	03498	17552	4	y	refresher trng
03/19/1998	Davis, Roslyn	(718) 424-5120	NY	OOF	02/12/1998	09036	31459	34296	Y	no respnse
03/20/1998	Han, Albert	(718) 279-3888	NY	OOF	01/25/1998	01994	31587	35432	Y	Terminated
03/20/1998	Sewell, Raymond	(505) 258-5764	NM	IF	02/07/1998	7635	17694		Y	Retraining
03/20/1998	Zuke, Les	(212) 769-3963	NY	OOF	02/11/98	06883	16358	13	Y	no respnse
03/23/1998	Franklin, G H	(212) 663-0735	NY	OOF	02/13/1998	0550	01496	13	Y	
03/23/1998	Jordan, Mary	(206) 870-5002	WA	OOF	02/22/98	10012	08096		N	rminated 3/11/98
03/25/1998	Mgboji, Jowly	(318) 989-8056	LA	OOF	02/09/1998	9992	17428	002	Y	no respnse
03/25/1998	Moore, Richard	(281) 496-9474	TX	OOF	01/30/1998	11210	11210	2	y	rminated 4/8/98
03/25/1998	Nicholas, Muriel	(718) 261-8692	NY	OOF	02/01/1998	08885	08885	13	Y	Suspended
03/25/1998	Ortiz, Niza	(718) 739-3449	NY	OOF	02/06/1998	02190	31459	34576	Y	refresher trng
03/25/1998	Penso, Hilda	(954) 457-3856	FL	OOF	02/19/1998	10169	16397	007	N	no respnse
03/25/1998	Perez, Manuel	(718) 292-7186	NY	IF	01/29/1998	09493	06423	34824	Y	no respnse
03/25/1998	Salz, Larry	(212) 535-2395	NY	OOF	02/27/1998	06866	16358	13	Y	Terminated
03/25/1998	Schneider, Kenneth	(212) 545-9547	NY	OOF	02/17/1998	06026	06207	13	Y	no respnse
03/25/1998	Ulrich, Breiman	(718) 499-0200	NY	OOF	02/12/1998	06631	01296	13	Y	rminated 2/24/98
03/25/1998	Mount, Greg	(202) 667-0905	VA	OOF	03/02/1998	03689	18382		Y	rminated 3/30/98
03/25/1998	Simon, Mr	(516) 489-5218	NY	OOF	02/12/1998	06627	05748	34402	Y	Verbal Wrn
03/25/1998	Greenfield, Alfred	(214) 350-0428	TX	OOF	01/18/1998	09255	07383	4	y	esigned 3/18/98
03/26/1998	Boettcher, Kim	(206) 878-3977	WA	OOF	02/25/1998	10012	08096		Y	rminated 3/11/98
03/26/1998	Almanzar, Isabel	(718) 381-6689	NY	OOF	03/04/1998	04040	05748	34328	Y	
03/27/1998	Bazeluis, Marie N	(718) 462-1192	NY	OOF	01/20/1998	05872	30733	13	Y	
03/27/1998	Fiallo, Armando	(305) 649-6103	FL	OOF	02/20/1998	06038	02431	1	y	Investigation
03/30/1998	Herman, Michael	(202) 544-3035	VA	OOF	02/28/1998	03727	03392		y	rminated 4/6/98
03/31/1998	Primelles, Nery	(305) 225-6997	FL	OOF	02/13/1998	18378	13424	1	y	
03/31/1998	Hernandez, Carmen	(773) 927-4014	IL	OOF	01/31/1998	30742	5155		Y	
03/31/1998	Sanchez, Eulalio	(915) 598-4158	TX	OOF	02/14/1998	9759	17752		y	
03/31/1998	Jean-Claude, Noel	(212) 327-1047	NY	OOF	02/06/1998	06032	00299	13	y	
03/31/1998	Salazar, Laurie	(602) 268-4420	AZ	OOF	02/06/1998	09885	30961	35656	Y	
03/31/1998	Polak, Douglas	(212) 875-8502	NY	OOF	02/28/1998	06866	13658	13	Y	
03/31/1998	Klein, Jerry B	(718) 372-6634	NY	OOF	02/26/1998	06799	08883	13	Y	
03/31/1998	Bernales, Ricardo	(718) 458-2091	NY	OOF	02/06/1998	00506	14345	10949	Y	
03/31/1998	Celestin, Claude	(212) 927-0183	NY	OOF	02/03/1998	04559	00299	13	Y	
03/31/1998	Alvarado, Felix	(718) 392-8696	NY	OOF	02/05/1998	07967	31459	34576	Y	

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FOOT SALES

03/31/1998	Byrd, Alberta	(215) 225-1448	PA	OOF	02/20/1998	11006	03039			Y	
03/31/1998	Diaz, Gloria E.	(516) 741-8776	NY	OOF	02/13/1998	06597	05748	34400		Y	
03/31/1998	Carney, Stacey	(915) 577-9454	TX	OOF	01/14/1998	8055	30500				no respnse
03/31/1998	Raptis, Susan	(212) 772-2501	NY	OOF	02/09/1998	03677	00399	013		Y	
04/01/1998	Langley, Lynn	(253) 931-0793	WA	OOF	02/20/1998	09133	03214			N	servation 4/2/98
04/02/1998	Perez, William	(718) 627-6352	NY	OOF	01/15/1998	06212	16358	013		Y	no respnse
04/03/1998	DeMaso, Nancy	(718) 424-7080	NY	OOF	01/26/1998	02608	30696			Y	no respnse
04/07/1998	Wang, Betty	(626) 7995868	CA	OOF	03/26/1998	02608	31587	36320		Y	
04/08/1998	Lagunas, Maria	(713) 455-5643	TX	OOF	03/21/1998	5568	30485	35800		Y	
04/07/1998	Almeida, Theresa	(915) 566-8166	TX	OOF	03/12/1998	9935	15274			Y	

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Complaints Receipt Testwork Results

B-12.10
for 4/23/98

Number of complaints on hand at GTECC sent to Snyder on 3/10/98*	28
Less: Complaints not due to unauthorized switches	-8
Less: Complaints traced to log at Snyder	-8
Equals: Number of complaints not received by Snyder on 3/10/98	B-12 3/4 12 E4
Percentage of complaints no received by Snyder on 3/10/98	43%

• Michael Lyons' group at complaint resolution at GTECC does not keep a log complaints sent to Snyder. Only a copy of the complaint is kept on hand. For testwork purposes, a days worth of complaints on hand at GTE (28 on 3/10/98) was traced to Snyder's log.

GTE Communications Corp.
 Snyder Communications Investigation
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Document - (complaints (non-resolved)
 receipt testwork summary

Source - Auditor prepared

18536

Attorney Client Privileged Material - Do Not copy or disseminate

41

Lead Memo

GTE Communications Corp. - Snyder Communications Review
Bethesda, MD Audit No. 98:00:025

WP: B-13
Susan North
04/28/98 10:27

*Sie
my
W 9/9*

OBJECTIVE: Audit Step(s): B-10 #3

To research and determine cause of small business orders taken before signing of contract

SOURCE:

W/P Ref.	Purpose To document:	Source:
<u>B-13.1</u> ✓	Email communicating discovery of residential plans sold on business lines and possible slams	Karen Smith, AVP Regulatory GTE
<u>B-13.2</u> ✓	Email further describing 30 test calls made on orders sold in B-13.1 above	Donna Hegdahl, GTE LD
<u>B-13.3</u>	Script being used in correcting residential plans set up on business lines	Donna Hegdahl, GTE LD

SCOPE:

IAD interviewed various individuals to explain the cause and action plan of the orders described in the Email at B-13.1. IAD spoke with Michael Lyons, GTECC LD/Complaints Manager, Ed Miller, GTECC International Marketing Director, Diane Metcalf, GTE LD, Donna Hegdahl, GTE LD and George Wolfand, Snyder VP Operations.

Through inquiries, IAD tried to determine the "Root Cause" of the sale of Small Business orders prior to the signing of the new Small Business Contract and to determine the cause of the orders being rejected and any resulting customer complaints.

TEST RESULTS:

There were two different problems which are mentioned in the Email at B-13.1. The first problem was discovered by the LEC. Approximately 600 orders were processed with residential plans on business lines. Once the LEC communicated the problem to LD, Donna Hegdahl from LD began calling these customers to set them up on the correct plans and found that the lines processed were not proper sales. The results of the first 33 calls are summarized on page 2 of B-13.1 and are explained in detail on B-13.2. After these calls, LD decided to re-do the script to better serve the customers that were incorrectly switched.

Currently, LD is attempting to contact all 600 customers to set them up on the correct plans. The script that is being used is on B-13.3. LD was advised by legal to use its best efforts to attempt to contact these customers.

Based on conversations with GTE and Snyder personnel the exact cause of this problem is unknown and is likely a combination of both customer and rep. fraud. A trend analysis on these orders was completed by Snyder which did not find any

Lead Memo

GTE Communications Corp. - Snyder Communications Review
Bethesda, MD Audit No. 98:00:025

WP: B-13
Susan North
04/28/98 10:27

significant trends by rep. IDs or locations to pinpoint the problem. All of these orders were field sales.

Since this problem occurred, Snyder has set up various edit checks to kick out any improper orders. The first edit compares the name and address to BTN which would kick out wrong numbers or fax numbers. The second edit calls the number (one ring) to see if a "generic 3 tone" occurs which would kick out any disconnected numbers. The third edit compares the social security number to Equifax name and address which would kick out orders being copied out of the telephone directory. However, a social security number is not required to be on the LOAs. The fourth edit sends the order to quality outbound calling in which Quality Control attempts to contact customer within 72 hours to verify order. If the customer cannot be reached within this time frame, a negative confirmation letter is mailed to the customer. The order is placed in hold status for two weeks to wait for a customer response if wrong. These edits will alleviate customer fraud and may hinder rep. fraud. However, IAD does recommend TPV for field sales (see section D for details) to further prevent rep. fraud.

The second problem mentioned in the Email on B-13.1 (page 3) was that Snyder sold small business plans in advance of the small business contract being signed. Per conversations with Diane Metcalf at LD, this was due to verbal orders given by GTE to Snyder before the contract was signed. However, since the contract was not signed, these orders could not be processed through AFNI and were re-directed for processing through NORAC. This problem has since been resolved and small business orders are now being processed.

FINDINGS: None

Conclusion: Based on the results of the audit tests performed, as outlined above, it appears the controls are good.

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B-13.1
E 4/2/98
WW

Subject: fwd: More Snyder Slamming Allegations
Date: Thu, 2 Apr 98 11:18:19 CST
From: "Karen Smith" <karen.smith@telops.gte.com>
To: <mrsmith@gte.net>

Let's try it this way.

Original Text

From: Karen Smith@REGA.RLTNS@TXIRV, on 4/2/98 9:40 AM:
To: Mark Smith@INTERNAL.AUDIT@TXIRV.SVC

For your information.

Redacted

From: Robert Robinson@CO.LDSVCS@TXIRV, on 4/2/98 7:31 AM:
To: Karen Smith@REGA.RLTNS@TXIRV
Cc: David Gudino@GC.CSRM.BSRA@TXIRV

From: Gail Kathan@CO.CLEC@TXIRV, on 4/1/98 1:47 PM:
To: Cedric Tracy@CO.LDSVCS@TXIRV, Robert Robinson@CO.LDSVCS@TXIRV

FYI...In case you haven't seen this yet.

From: <Michael_Lyons@psi.gte.com>, on 3/31/98 11:10 AM:
To: smtp[<george.wolfand@snyder.com>], smtp[<Mitch.gershman@snyder.com>],
smtp[<Ted.Gilmore@psi.gte.com>], Ed.Miller@CO.LDSVCS.2@TXIRV
Cc: smtp[<barbara.baker@snyder.com>], Gail Kathan@CO.CLEC@TXIRV

As you know we were calling the customers that Snyder sold consumer plans that were business lines and of the first 30 we contact all of them were slammed. Therefore, we need to get a situation analysis; hopefully we can get that by our Thursday call on the roughly 600 Business orders. What we are looking for is the following:

- Number of Reps involved
- Status of those reps as of today (Still with Snyder or previously let-go on XX/YY date)
- Corrective plan for those reps still with Snyder.
- Detailed plan of action to call customers to apologize

My assumption is that since we have been sending you the business BTNS since the beginning of February, you have taken corrective action with these reps already to let them know that they sold business customers but now that we know they slammed these customers, we would like additional action.

Michael Lyons

----- Forwarded by Michael Lyons/HQTX/GTEPSNOTES on 03/31/98 10:26 AM -----

(Embedded
image moved "Donna Hegdahl" <donna.hegdahl @ cc.gte.com>
to file: 03/30/98 04:35 PM
PIC08065.PCX)

18539

Please respond to donna.hegdahl@cc.gte.com

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Snyder Communications Investigation
Various Locations // Audit No. 98:00:025
Attorney - Client Privileged Material
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1/3
4/2/98 2:36

B-13.2
2/22/98
WWS/ky

GTE1

From: Donna Hegdahl[SMTP:donna.hegdahl@cc.gte.com]
Sent: Wednesday, April 22, 1998 4:08 PM
To: GTE1
Subject: fwd: RE: 30 test calls

Susan: here is the email I mentioned.

Donna

Original Text
From: "Leslie Wehrmann" <leslie.wehrmann@bertram-mckee.com>, on 4/6/98
3:38 PM:
To: Donna Hegdahl@CO.LDSVCS.4@TXIRV

Donna,

Darren is not in this afternoon, and I don't have all of the call sheets. I know that there are two that we are getting more information on, so that we can properly change them to GTE Long Distance - they are still on the floor (Darren has been re-calling both people, and as of Friday, had still not connected with either). I'm still one name short, so I'll track that down tomorrow. I can get the rest of the information to you by the end of day tomorrow (I'm in training all morning). I hope this will work until I can get you the other three names.

Redacted

Did you have a chance to review script that I e-mailed on Friday? Please give me feedback. Marvin and I have met regarding setting up project, with new parameters and reporting. We are also working on the lists that we have in-house to determine exactly what we have (total number of names, etc.). I will have that information for you in the morning (I'll e-mail you).

Contact Name	Phone Number	State	Disposition
Jay Feinstein	301/384-6776	MD	Slam/got switch notice and called Bell Atlantic to have them block switch
Jinette Ulise	561/992-0703	FL	Likely slam - Disconnected number
John Conigliardi	718/953-8163	NY	Slam - switched back to AT&T
John A. Roger	305/593-1190	FL	Likely slam - Wrong number - no one there by that name
Joseph Jean Pierre	718/778-4900	NY	Likely slam - wrong number - CRW Car Stereo (business) - no one there by that name
Jullillian Ramos	718/949-4339	NY	Likely slam - number is a fax number
Chamber Albia	515/932-5108	IA	Likely slam - Albia Chamber of Commerce - no one there by that name
AM Young	417/485-7492	MO	Disconnected number
Suresh Patel	941/665-4179	FL	Likely slam - customer will change LD carrier
Awilda Cortes	718/584-3328	NY	Likely slam - Wrong number - this is a private line into school principal's office - does not know who this person is
Jason Lewis	718/735-4417	NY	Likely slam - wrong number - Brooklyn Childrens' Museum - no one there by that name
John Williams	718/625-3785	NY	Slam - wrong number - no one there by that name
Maxo Cazeau	305/751-3530	FL	Likely slam - wrong number - no one there by that name
Luis M. Nino	954/964-8495	FL	Likely slam - this number is a fax number
María Elena Banagas	602/583-0081	AZ	Likely slam - city of EI

18541

1/2

Mirage Tobacco Prevention Project - no one there by that name
Marie Jacques 718/617-1532 NY Likely slam - Prestige
Management - no one there by that name
Mikhail Ibragimov 718/896-6198 NY Confused, language
barrier - did not understand what we were talking about
Paul Cohen 215/624-7418 PA Likely slam - hung up on
Interviewer - this is a dentist's office and would not talk with us
Barry Cutright 804/799-1100 VA Slam - customer had already
called GTE to say he wouldn't pay bill because he did not authorize.
switch - switched back to previous carrier
Brenda Jenkins 717/622-7444 PA Slam - customer had already
talked with Tony Hastings (GTE?) and told him to switch back to previous
carrier
Calvin Gideny 202/723-1333 DC Possible slam - doctor's office
- He's in the hospital
David Osborne 201/652-0060 NJ Slam - customer very angry about
being slammed - had already contacted AT&T and changed service back
Edward Grossman 610/363-6660 PA Slam - he was surprised to get
a
GTE bill in the mail. He wasn't mad, but was going to switch back to
previous carrier.
Evarista Portal 305/887-5029 FL Likely slam - no one here by
this name
Rose Korline Ledon 305/358-3710 FL Slam - this is a jewelry
store and there's no one there by that name
Victor Gregory 215/639-6133 PA Slam - has already switched
back
to AT&T. Angry that he got slammed.

—Original Message—

From: Donna Hegdahl
Sent: Monday, April 06, 1998 2:34 PM
To: leslie.wehmann@bertram-mckee.com
Subject: 30 test calls

Leslie: Our attorney has requested information on the 30 test
calls. He
would like to know who was called and what states they are in.
Can you
quickly put together an email response with name, telephone
number and
state. It does NOT need to be a formal. We will get the
information on ALL
the customers at the end of the project. For now, he just wants
notes on
the 30. Call me if there is a question on this.

Thanks

Donna

18542

1879
per 013171

GTE Communications Corporation - Snyder Communications, Inc. Legal Review
 Andrew L. Timberlake
 Irving, TX Audit No. 98:00:025 04/30/98 12:57

According to this agreement GTE is responsible for paying Snyder on the established Payment Date for each "Accepted Order" (LEC Confirmed) for a New Customer or an Upgrade Customer in accordance with the existing rate schedule (See Schedule 4 - Rate Schedule of the Marketing Agreement)(C/T 2.a-d.1-2). A LEC Confirmed order is one that has been received from Snyder by GTE, has been approved by GTE and processed successfully to activate Services. Per the telephone conversation with Ms. Sulak, no formal procedures are in place at this time for the Authorized Payment process (draft form or very informal guidelines exist at this time) due to the immaturity of the process(C/T 2.a).

To date, GTE has made three payments to Snyder for each of the months of January through March 1998. The table below provides more detailed information regarding these payments (See E-2.5 & E-2.6):

Month	RPMS				
	Total Orders	Accepted Orders	Amount Paid	Acceptance Rate	Unacceptable Rate
January	9,023	5,835	446,553	64.67%	35.33%
February	46,652	23,742	1,816,975	50.89%	49.11%
March	78,840	39,776	3,044,057	50.45%	49.55%
Totals	134,515	69,353	5,307,585	51.56%	48.44%

Based upon the data shown in the table above, it appears that almost half of the orders submitted to GTE by Snyder are not accepted. The average rate being paid for each of the months are approximately \$76.53. Based upon this average, it appears that most of the payments have been for new customers (per the applicable rate in the Marketing Agreement - Schedule 4 - Rate Schedule).

Several performance provisions exist within the contract and/or applicable schedules that can either increase or decrease the rate GTE is required to pay Snyder. The following will provide a brief description of some of the major provisions and the payment process currently in place:

Activity Analysis

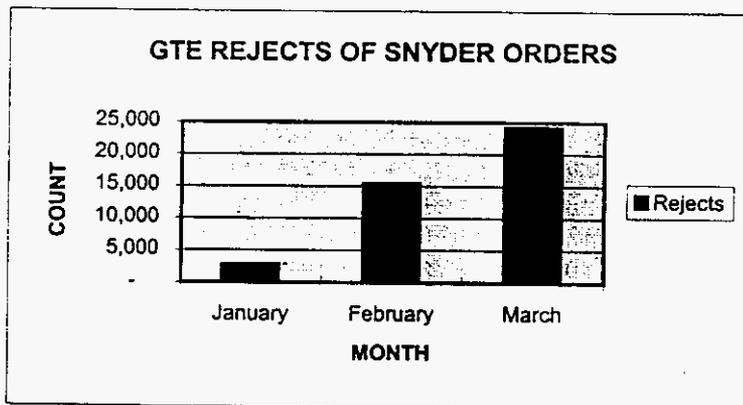
GTE COMMUNICATIONS CORPORATION
 SNYDER COMMUNICATIONS, INC. LEGAL REVIEW
 SNYDER SUMMARY ACTIVITY ANALYSIS
 98:00:025

Month	RPMS		Amount Paid	Acceptance Rate	Unacceptable Rate
	Total Orders	Accepted Orders			
January	9,023	5,835	446,553	64.67%	35.33%
February	46,652	23,742	1,816,975	50.89%	49.11%
March	78,840	39,776	3,044,057	50.45%	49.55%
Totals	134,515	69,353	5,307,585	51.56%	48.44%

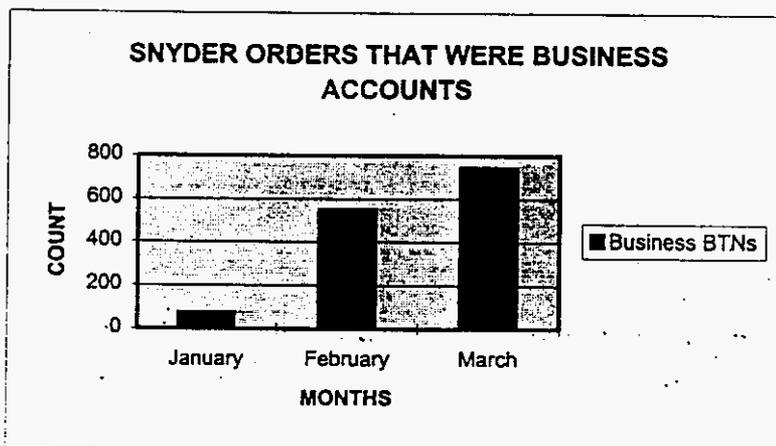
Average Rate Paid Per Accepted Order:

January	76.53
February	76.53
March	76.53

Month	Rejects
January	2,789
February	15,403
March	24,208



Month	Business BTNs
January	74
February	549
March	744



GTE Communications Corporation - Snyder Communications, Inc. Legal Review
 Andrew L. Timberlake
 Bethesda, MD Audit No. 98:00:025 05/05/98 14:12

GTE Ref	Section D-10.B: Mystery Shops	Title	Prepared By / Date
	1. Perform Mystery Shops of Snyder Field Sales events. For each event visited completed a Mystery Shopper Checklist (See D-11.1 for example). Also, to checklist @ D-11.1 in the instructional guidelines for completing the checklist.	D-11B	AT & AW 5/98
	2. For each completed checklist, summarize the results and note any trends/exceptions.		
	3. For a two (2) week period, sample Mystery Shops performed by Wells Fargo for Snyder and review for any trends/exceptions. Summarize the results.		

To be completed IMMEDIATELY after contact with the Snyder Sales Associate - to help you remember more details about the event and the conversation.

Location of Event: Horizon Foods City Chicago
 State Illinois // Date 4/18/98 Time 12:50
 Sales Representative You Spoke With: Black Male w/ small beard.

Completed by: Wayne Weaver

Questions

Identify Appearances

1.) Did the representative identify themselves as representatives of GTE Long Distance? Yes No Other Explain

2.) Was the Sales Representative wearing a name tag with the Company Name? If no, explain. Yes No Other Explain
GTE Logo shirt w/ Jacket cover

3.) Describe the representative's appearance? If no, explain. Proper for Surroundings Improper Describe
Jacket on over GTE shirt but it was a little cold.

4.) Was the booth / table organized, neat, clean, etc.? If no, explain. Yes No
They were outside - The store didn't see a table

5.) Was the representative's first impression favorable? If no, explain. Yes No
Friendly outgoing

Qualifying Questions

Were you asked the following questions:

- 1.) If you were the "Decision Maker" when it comes to long distance service? Yes No 18880
- 2.) Who is your Current Long Distance Carrier? Yes No Who? MCI
- 3.) How much you spend per month on:
 - International Calls? Yes No How Much? 0
 - Country Called the Most? Yes No —
 - Domestic Calls? Yes No \$50.00
 - City Called the Most? Yes No New York

- 4.) If this was a business or residential telephone?
- 5.) If you have additional lines to change?
- 6.) If you have any restrictions on carrier change?

Yes
Yes
Yes

No *Residential*
No \emptyset
No *No*

Plan & Promotional Offer

1.) What plans were offered? (circle all that apply)

Domestic Plan // // // // **International Plans**
 Easy Saving Plan **Total Call** // // // // International Calling Plan I
 International Calling Plan II

2.) What promotions were offered? (circle all that apply)

Domestic Plans	International Plans
Easy Savings Plan - Double Discount for Six Months	International Plan - 360 Weekend Minutes Free @ 60 min/month for six months
Total Call - 360 Weekend Minutes @ 60 min/month for 6 months	
Total Call - 1000 Instate Minutes Free @ 5 1/2 hours/month	

Other Plans or Promotions Offered:

	Domestic	International
3.) What price per minute was quoted?	<i>14</i>	
4.) Was a brochure or other "Take-Away" information available offered? <i>Didn't take one</i>	Yes	No
5.) What incentives were offered - balloons, magnets, koozies, pens, pencils, etc.? <i>Didn't see any</i>		

Closing

1.) After Objecting to sale, what was Sales Representatives Reaction? **Continue Selling** **Stopped w/ Thanks** Other Describe

2.) In your opinion, was the representative qualified to perform the job – knowledgeable about GTE products and services, courteous and professional, etc.? If no, explain. **Yes** No

Additional Remarks

4/18/97

To be completed IMMEDIATELY after contact with the Snyder Sales Associate - to help you remember more details about the event and the conversation.

Location of Event: Sedano Supermarket City Miami

State Florida // Date 4/18/97 Time 12:30 p.m.

Sales Representative You Spoke With: Sandra Lopez

Completed by: Amia Jarama and Angel Lopez

Questions

Image / Appearance:

1.) Did the representative identify themselves as representatives of GTE Long Distance? Yes No Other Explain

2.) Was the Sales Representative wearing a name tag with the Company Name? If no, explain. Yes No Other Explain

3.) Describe the representative's appearance? If no, explain. Proper for Surroundings Improper Describe

4.) Was the booth / table organized, neat, clean, etc.? If no, explain. Yes No

N/A

5.) Was the representative's first impression favorable? If no, explain. Yes No

Qualifying Process

Were you asked the following questions:

1.) If you were the "Decision Maker" when it comes to long distance service? Yes No

2.) Who is your Current Long Distance Carrier? Yes No Who? AT&T

3.) How much you spend per month on: International Calls? Yes No How Much? \$26.00

Country Called the Most? Yes No

Domestic Calls? Yes No

City Called the Most? Yes No

Mystery Shopper Guidelines

D-11.8.2 1/4

WWS/98

General Overview

Currently, GTE Communication Corporation (GTECC) is selling Long Distance (LD) service national, and they are using a number of different sales channels to reach as many customers as possible. One way GTECC is selling LD service is through the use of Outside Sales Agents. Specifically, Snyder Communications, Inc. has been chosen to market GTE Long Distance products to ethnic markets. Snyder's sales to date are broken out as follows: 80% - Hispanic Sales; 5% Mandarin, 5% Cantonese, 3-4% Vietnamese, 3-4% Korean, and 2-3% miscellaneous. Most of Snyder's sales come from different events (i.e. fairs, festivals, carnivals, Grocery Stores, and Shopping Malls). At these various events, the Snyder Sales Representatives will be dressed in GTE attire, and they should be set-up at a booth or table with some kind of display. These are the type of events we will be attending.

Our focus for Mystery Shopping will be on the 80% of Hispanic Sales which is concentrated in only a few states - California, Texas, Florida and New York. In California, the following events have been confirmed for the weekend starting Friday April 17th and continuing through Sunday April 19th. Ideally, we would like to perform our field sales verifications on Saturday April 18th. The Los Angeles event locations are as follows:

- Carnival Primavera @ the Huntington Park Chamber of Commerce located at 6330 Pacific Blvd., Huntington Park, California 90255 - Emergency Phone Number (213) 585-1155
- El Rancho Grande Market located at 12222 Garfield Ave., South Gate, California 90280
Emergency Phone Number - (562) 790-1900
- Barnsdall Park @ Eco-Maya located at 829 S. Sycamore Ave., Los Angeles, California 90036
Emergency Phone Number - (213) 960-7879

NOTE: The Emergency Phone Numbers should be used only if you cannot find the event and need more specific directions to the locations.

When we are performing the Mystery Shopping we **DO NOT** want to complete a sale or fill out any forms. Your objective is take the mystery shopping to the point where you are asked if you want to sign up with GTE, but again **DO NOT** complete the sale. If you are asked to give out your name and telephone number, respond by stating that you are just looking for some information right now. If they continue to ask for your name and telephone number, you have the option of making up a fictitious name & number or using you own. I would suggest you make up a name and phone number with an area code within the local area.

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18893

Mystery Shopper Guidelines

Mystery Shopper Example Scripts

These following scripts are intended as guides to help you answer some of the questions you will be receiving from the Sales Representatives. They represent several different scenarios which you could use but with a different name. However, please feel free to use your own personal calling patterns as the topic for the mystery shopping. The only guideline I would suggest is that you inflate your calling numbers to make sure that at a minimum your spend over \$25 / month with some international calls (maybe one or two calls per month to Mexico or Puerto Rico for example).

Mystery Shopper Script #1 - Domestic Calling > \$25 per month Inter-State Calls

John Doe - (217) 789-1244 Los Alamitos, California

John is the decision maker in the house and currently has long distance service through AT&T which to his best knowledge is not restricted. He has one telephone line, and he makes approximately \$55 per month in Long Distance Calls to his parents in Phoenix, Arizona and to a couple of friends in Mexico City, Mexico. He usually will make his calls in the evening (6:00pm to 10:00pm) or on the weekends (anytime during the day).

Mystery Shopper Script #2 - International Calling one Primary Country with a little Domestic LD

Jane Doe - (813) 221-8601 - Miami, Florida

Jane is the decision maker when it comes to Long Distance service and currently has long distance service through MCI which is not restricted. She has two lines, but one is for her computer internet access only. She calls her family in Puerto Rico every weekend and spends approximately \$60-70 per month on long distance calls. She makes very few long distance calls domestically maybe \$5-10 per month. She has a calling card, a cellular phone, and internet access all through different companies.

Mystery Shopper Script #3 - Mixed International and Domestic about \$50 each per month

Paul Doe - (214) 508-1987 - Dallas, Texas

Paul is the decision maker and has Long Distance service with Sprint which he thinks may be restricted. He has one primary line which he uses for his residential phone number and his small business which he runs out of his home. Paul calls his suppliers & friends in El Paso, Texas and Juerez, Mexico on a daily basis. He calls usually in the morning to Mexico, but he calls through-out the day to El Paso. This line is also used for his fax machine.

Mystery Shopper Guidelines

Mystery Shopper Script #4 - Domestic only < \$25 per month IntraLata

Pam Doe - (607) 987-2468 - San Diego, California

Pam lives by herself and is the decision maker. She is currently using AT&T as her long distance provider, and she spends maybe \$10-15 per month on long distance calls. The long distance calls she does make are to Thousand Oaks, California, and she does not make any international calls.

Mystery Shopper Checklist Explanation

NOTE: Please provide a brief explanation for all NO or OTHER answers on the Checklist.

Image / Appearance

- 1.) Representative of GTE - The Snyder Sales Associate should identify themselves as agents of GTE or representatives of GTE, etc. They should not be identifying themselves as Snyder employees.
- 2.) Sales Representative (Rep) should be wearing a Name Tag with the GTE Name and/or Logo.
- 3.) The Sales Rep should be wearing Dockers style pants with a GTE Logo Shirt or a plain white or blue shirt. Also it should be appropriate for the event.
- 4.) The booth or table should be organized, clean and neat. "Take-Away" brochures and the give-away items (magnets, balloons, key chains, pens, pencils, etc.) should neatly laid out.
- 5.) Was the sales rep friendly, smiling, pleasant to talk with, etc.

Qualifying

- 1.) You must be the decision maker or have you name listed on the telephone account in order to make changes to your long distance carrier
- 2.) Identifies your current LD Carrier.
- 3.) How much you spend per month on LD services both international and domestic calls. You also be asked as follow-up questions what country and state or city you call the most.
- 4.) Snyder should only be actively selling residential phone service. However, they can offer the same plans to a small business customer if they are asked.
- 5.) Do you have more than one line which you will need to change the LD carrier on, and if so how many lines to change.
- 6.) Do you currently have any "PIC" restrictions on you telephone which would prevent you from changing LD carriers without t notice.

Mystery Shopper Guidelines

Plan & Promotions

- 1.) There are only two domestic and two international calling plans being offered by Snyder Sales Reps. They are listed on the form.
- 2.) Currently, there are three domestic and one international promotional offerings available to customers who sign up with GTE. If you are offered something different please include as much information as you can remember about the plan or promotion name and the free minutes which were offered.
- 3.) What price per minute were you quoted by the rep.
- 4.) Did you see and were you offered any Take-away information. Was it available on the table.
- 5.) What incentives were offered at the event you attended - balloons, key chain, magnet, etc.

Closing

- 1.) What was the Sales Reps reaction to you stating that you were not interested in signing up today. They should mention how much you can save by switch and offered another or the same product again.
- 2.) Was the Sales rep knowledgeable about the products they were selling or did they have to constantly look at charts, support materials or ask other sales reps for help. Was the sales rep professional and courteous at all times.

Additional remarks should be used to document anything unusual you saw or heard which would effect you decision to buy.

GTE1

From: Borg Warner[SMTP:borgwarner@bayserve.net]
Sent: Friday, March 27, 1998 8:19 PM
To: Carol Bonilla
Subject: Re: Flea Market" 244th St. and U.S. 1 Homestead, FL.

SNYDER COMMUNICATIONS, INC.

MYSTERY SHOPPER EVENT ANALYSIS

Territory Manager: Ruben Rios Date: 3/21/98

Sales Manager: Esther Del Campo Time: 12:15 PM

Market: Hispanic

Type of Event: Outdoors

Location: "Flea Market" 244th St. and U.S. 1 Homestead, FL.

Sales Representative: Rafaela Munoz

(Describe if name unknown)

Scenario-

Representative wearing name tag with company name? Yes

Were you approached by representative? Yes

Point of interaction by representative: Outside of Flea Market. Agent was approached by G.T.E. representative at 12:50 PM.

Was representative first impression favorable? Yes If not, explain:

Were you qualified? Yes

Verbal verification of: Current Long Distance Co.? No

Asked if you have decision authority? No Residential customer? No

Of amount spent: Domestic? No International?No Of country called? Not asked

Of address, and phone number as on bill? Yes

Were you asked: If this is main number and do you have any additional number? Yes

Restrictions on carrier change? No

Block on long distance? No

Were you asked what country or city you frequently call? No

If so, what was your response? N/A

What promotions were offered? 360 minutes free phone service.

Fee quoted:No discount availability:No length of promotion None

What price was quoted to location? None quoted

If resistance offered was an effective rebuttal given? No

If no, explain: After Agent stated AT&T use Rafaela stated that if agent was not satisfied with G.T.E. agent could cancel agreement.

What incentives were offered? None

Were you asked to sign an agreement? Yes

Was signing authorization explained? No

Were you given a copy of service agreement (L.O.A)? Yes
If no ID (DL/ SS) given, was a \$200.00 credit limit explained?

Were you informed that a call could be made to verify order? No
(California Only to Verify Order) Were you TPV'D? N/A

Was representative courteous? Yes Business-like? Yes Patient? Yes
Attentive at all times? Yes

Representative's personal appearance: neat, clean, and well groomed? Yes
If not, describe representative's attire:

Was there a raffle? No If so, were you given opportunity to enter? N/A Given
proper form? N/A What prize was offered? N/A Were rules posted? N/A
were times of drawings posted? N/A

Signs professional and clean in appearance? N/A
If not, explain: No signs were visible.

Was the booth/ table organized and neat? N/A Safe? N/A
If not, explain: No table/booth was visible

Additional Comments:

In addition to "Rafaela" there were two other G.T.E. representatives one
male and one female. Although "Rafaela" was very nice, she seemed to rush
through her presentation, she asked agent to fill out form and sign it.
She never asked agent if it was alright to accept G.T.E. service. She
stated if agent was not satisfied with G.T.E. it could be canceled. She
did not tell agent the cost of the program, nor ask what country agent
called etc. "Rafaela" did not seem interested in her work.

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**Snyder
Communications,
Inc.**

**GTE Policies & Procedures
Manual**

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REPRESENTATION POLICY
Policies & Procedures

GENERAL STATEMENT

Snyder understands that GTE has gone to great expense to develop its branding. Snyder will train its employees and contractors to take great care when working with a customer to represent GTE according to its policies, procedures, and standards.

OPERATING PROCESS

Snyder's Responsibilities

- Sales force will be trained by local management or field trainers to properly position product and promotion to GTE's requirements.
- Train field sales personnel that Snyder is "An Authorized Representative" of GTE. Telesales will introduce themselves as "calling on behalf of GTE".
- Telesales will follow call requirements established by GTE.
- Telesales will only work leads that have been scrubbed by GTE.
- Train all sales personnel that if a customer has a complain or service issue customer will be given GTE's toll-free telephone number.
- All sales personnel must sign a code-of-conduct and Confidentiality Agreement.
- Enforce a dress code that includes usage of GTE branding:
 - a) Shirts
 - b) Caps
 - c) Rep ID Badges with photograph of reps
 - d) Send for GTE's approval all items that use GTE's logo:
 - e) Advertisements
 - f) Shirts
 - g) Caps
 - h) LOA
 - i) Business cards
 - j) Sale Booths
- Will never leave a sale booth unattended and will place sales booths in areas consistent with marketing plan.
- Properly pre-qualify customers to ensure that customer meets GTE's requirements.
- Snyder is required to respond to any deviation, per Section 2bii, in a timely fashion.

GTE's Responsibilities

- Return to Snyder within two business days approval or changes to marketing materials noted above. If approval or changes are not received within two business days of receipt, the material will be deemed accepted by GTE.
- GTE will notify Snyder's Project Manager of any policy and procedure deviation, within forty-eight hours of the occurrence. The deviation should include date, time, location, and where possible rep ID number..

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