

Sandra Padron's Florida PSC Oct 30, 2003 Miami rate hearing statement about Quality of Service

During so much of these service hearings, we hear about what people can or can't afford. What I wish to cover is not widely discussed, and that is "SERVICE QUALITY" that will be relaxed or erased from the Florida PSC review and I am not comfortable with that, as neither should the consumer.

Companies never want to pay employees. I would like to believe that the OSS process was fair and that the review of complaints for breach of contracts between BellSouth and other CLEC's (companies that buy lines from Bellsouth) were professionally and ethically done. Unfortunately, this did occur. From reviewing emails between the Florida PSC employees and Commissioners, Peggy Arvanitas and I have received a shock to our moral conscience. Many rules were broken and violations overlooked for companies that found favors-- prior to elections.

That in itself is another story. I was a 10 year call center employee that was employed by BellSouth during the initial monitoring for the first \$ 80 MILLION cramming fine imposed on BellSouth in 1992. The monitoring ended towards the end of 1997. Once that occurred PROFITS became the policy for BellSouth. As the top salesperson making almost \$ 50,000/YEAR in a Spanish speaking call center handling all NINE states of BellSouth Customers. While employed at Bellsouth, five of us protested and wrote a signed formal complaint to the company, the FCC, and FPSC who did nothing but fire almost all of us. Additionally, I personally protested with formal Certified Mailed Complaint to the Florida PSC, as well as, the Florida AG. You could not even investigate without 3 certified letters with evidence from the PSC and the Florida AG's office under Butterworth.....

DOCUMENT NUMBER DATE

11026 NOV-58

FPSC-COLLECTED DOCUMENTS

I have brought the investigation and evidence with me today, and I believe the consumer should be made aware of what has been going on for over 4 years, because my investigation and the other current employees from 1999 were never opened on a docket. Neither Jack Shreve nor Charlie Beck of the Office of Public Counsel were told by the Florida PSC that an investigation was under way, although postponed from formal review. The non-docketed investigation did not start until one year later and until I sent my third certified mail of evidence to both the AG and Fla PSC. The investigation was completed and the document was given to BellSouth who proceeded to black out most of the document, before publishing the document.

Why do I bring this up? In 1992 Bellsouth had this same problem that resulted in and & \$ 80 million dollar fine. The Call Center here in Florida handles 9 States. Only Florida Spanish speaking customers receive a SPANISH truth and billing statement, and bills. The other eight states receive everything in ENGLISH.....a language they don't speak NOR READ.

It is sad 10 years of service by a top selling salesperson and trainer would be terminated for standing up for consumers and then watch as the Florida PSC and the AG office since 1999 did nothing for consumers in this area, and this is still going.

The BellSouth state filed tariff of the call center script was changed to mention the unlimited local calling for \$ 11.70 at the end of a five minute script which I have with me today for JACK SHREVE AND CHARLIE BECK. Since the PUBLIC SERVICE COMMISSION HAS NOT BEEN LOOKING OUT

**FOR THE PUBLIC'S INTEREST I AM INVITING OUR
CONGRESSMAN TO INVESTIGATE THIS MATTER.**

**By the way, I would like to add that I have an email dated
October of 2000, where the PSC investigator, Hollenstein, that
he had to give the Cramming Report to the Commissioners to
review....Commissioner Baez, were you not a Commissioner in
2000?**

**Sandra Padron
10 year ex Bellsouth employee and trainer
1-305-305-5223**



OFFICE OF THE ATTORNEY GENERAL

THE CAPITOL

TALLAHASSEE, FLORIDA 32399-1050

CHARLIE CRIST
Attorney General
State of Florida

October 22, 2003

Ms. Sandra L. Padron
Post Office Box 140812
Coral Gables, Florida 33114-0812

Dear Ms. Padron:

The enclosed materials are being furnished in response to your public records request.

Sincerely,

A handwritten signature in cursive script, appearing to read "Patricia R. Gleason".

Patricia R. Gleason
General Counsel

PRG/lm

Enclosures



OFFICE OF THE ATTORNEY GENERAL

THE CAPITOL

TALLAHASSEE, FLORIDA 32399-1050

CHARLIE CRIST
Attorney General
State of Florida

October 9, 2003

Ms. Sandra L. Padron
Post Office Box 140812
Coral Gables, Florida 33114-0812

Dear Ms. Padron:

The enclosed materials are being furnished in response to your public records request.

The bank account number on one document has been redacted as provided by s. 119.07(3)(dd), F.S.

Sincerely,

Patricia R. Gleason
General Counsel

PRG/lm

Enclosures

Carl Vinson

From: Jerry Hallenstein
Sent: Wednesday, October 09, 2002 9:24 AM
To: Lisa Harvey; Carl Vinson; John Duffey
Subject: BellSouth Sales

Just got a call from a Jerry Lockwood (I talked to him a year ago or so) with the Attorney General's Office. He recently received a call from Mr. Callava regarding BellSouth's sales practices. Apparently, Mr. Callava still believes BellSouth's sales practices are unethical. Mr. Lockwood asked for a copy of our report and Mr. Callava's original complaint letter. I told him that I would mail him a copy of both today. I also told him that we are currently performing a follow-up audit on BellSouth's sales. He informed me that they (Atty Gen) have had an open docket for awhile in regards to BellSouth sales practices. He wanted to see if this would fit in to what they are doing. Carl, I might be talking about two different dockets, but I know that BellSouth provided us with a letter stating that the Atty General's investigation was closed. I believe I even noted it in the report. I didn't follow-up with Mr. Lockwood, but we can.

Carl Vinson

From: Carl Vinson
 Sent: Wednesday, September 03, 2003 10:48 AM
 To: Carl.Vinson
 Subject: 6/24/02 email that would not print out (reconstructed by cut n paste)

From: Jerry Hallenstein
 Sent: Mon 6/24/02 10:11 AM
 To: Sandra Padron
 CC: Carl Vinson
 Subject: RE: 305-759-7657 Henry Andelo (BELLSOUTH) 6:40pm 06/21/02

Sandra,
 Thanks for the input. Hope all is well. Just want to let you know that we are looking into BellSouth's sales activities, I will look into BellSouth's outbound sales force as well, an area not covered in the 2001 audit. Keep me posted and I'll give you a call if I need further input.

thx,
 Jerry

-----Original Message-----

From: Sandra [mailto:ariztokat_921@hotmail.com]
 Sent: Friday, June 21, 2002 7:04 PM
 To: Jerry Hallenstein
 Subject: 305-759-7657 Henry Andelo (BELLSOUTH) 6:40pm 06/21/02

Hi Jerry

I hope you had a wonderful father's day.

I am writing to advise that I received, as per my caller id, 12 calls from BellSouth's Telemarketing Group outbound on 6/21. I was not home I was at work, when the first 11 calls were attempted. When they finally reached me, The Bellsouth Representative, asked me of all people, that if I was interested I would no longer have any "local service charges" --that I would receive free local service. I asked "How could this be done?" The caller advised that if I took the Complete Choice my LOCAL SERVICE would be free and that all I would pay a month was \$ 30.00 for my phone bill. I advised I was not interested. She stated that she was going to do that change for me. I again advised that I was not interested. She then offered me money call for \$ 5 (something) a month she failed to disclose the Call forwarding don't answer and the Call forwarding busy line, nor message waiting, one or all of which work with their voicemail service.

Taking this contact into consideration.....they are misleading (still) their customer base by misrepresenting the Complete Choice as a "Class of Service". Furthermore they are also misquoting the price of the Complete Choice--(which is more than \$ 30 00) as well as the cost of the line---they fail to mention the FCC charges, and the charges for the Maintenance Plan.

Please look into this for me and advise Carl Vinson---I hate to bother you with this but I cannot believe they have the gall to continue doing what "the five" stated on our complaint letter of 1999.

If you need any other details you can email me or call me at (305) 480-1700 x249

Sandra L Padron

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
MIAMI DIVISION

CASE NO.:00-3489-CIV-KING/O'SULLIVAN

SANDRA L. PADRON,)
)
Plaintiff,)
)
vs.)
)
BELLSOUTH TELECOMMUNICATIONS,)
INC., a foreign corporation authorized to)
do business in Florida,)
)
Defendant.)

UNSWORN DECLARATION (PURSUANT TO 28 U.S.C. 1746) OF JERRY
HALLENSTEIN, SENIOR MANAGEMENT ANALYST WITH
THE FLORIDA PUBLIC SERVICE COMMISSION

1. My name is Jerry M. Hallenstein and I am currently employed as a Government Analyst II with the Florida Public Service Commission. I am over the age of eighteen and *sui juris*..

2. I am a United States citizen and resident of Tallahassee, Florida.

3. The Florida Public Service Commission ("Commission") is a political subdivision or department of the State of Florida and is organized under the laws of the State of Florida. The Commission is located at Capital Circle Office Center, 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850.

4. I have attached hereto and made a part hereof a true and correct copy of the Bureau of Regulatory Review's investigatory audit report entitled *BellSouth Telecommunications, Inc. Sales Methods and Practices* ("Investigative Report"), which sets forth the factual findings resulting from an investigation made by the Commission staff pursuant to authority granted by law. The purpose of the Commission's audit was to investigate and assess the allegations of unethical sales practices against BellSouth raised in two complaint letters received by the Commission's Division of Consumer Affairs in 1999.

5. The Commission performed an in-depth analysis and thorough investigation into BellSouth's sales practices and of the allegations raised by the complaint letters.

6. The Investigative Report is an official public record that has been filed with the Commission's Division of Regulatory Oversight.

7. As a Government Analyst II with the Public Service Commission and the individual who personally investigated this matter, I made findings of fact and prepared the Investigative Report, I am authorized to certify that the Investigative Report attached hereto is a true and correct copy of the Investigative Report and an official public record of the State of Florida.

I declare under the penalty of perjury that the foregoing is true and correct.

Executed this ____ day of December, 2001.

Jerry Hallenstein
Government Analyst II

FLORIDA PUBLIC SERVICE COMMISSION

Sandra

From: Sandra [ariztokat_921@hotmail.com]
Sent: Thursday, October 02, 2003 11:35 PM
To: 'gotchababybell@aol.com'
Subject: FW: Ed Callava

Importance: High

-----Original Message-----

From: Sandra [mailto:ariztokat_921@hotmail.com]
Sent: Thursday, December 12, 2002 12:07 AM
To: The Baboon
Subject: Re:
Importance: High

I am not upset with you. I am upset at the fact that the NEWSPAPER or the NEWS is afraid of BELLSOUTH. The fact is that I told her I had evidence. They just need to get the "ball rolling". Then everything else will fall into place. If it wasn't true then why did the PSC investigate, why were almost all the individuals of the company involved in the company fired or "let go". They have no guts. I will write the EDITOR and let him know that he is handing BELLSOUTH long distance on a silver platter.

Just to let you know, I do not blame you and I am frustrated with the injustice of it all.

Have a good evening....I will write the HERALD--definitely, not that it would do much good, but at least I will voice how I feel.

Take care,

Sandra

----- Original Message -----

From: "The Baboon" <thebaboon@hotmail.com>
To: <ariztokat_921@hotmail.com>
Sent: Wednesday, December 11, 2002 11:41 PM

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>
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>
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>
>
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>

> Yes, I figured that you wouldn't exactly be pleased when Ms. Garcia related the contents of our conversation with you.

>

> Let's go over some facts. Try to follow with me and know that I am
> your
friend. Please read.

>

> Being your friend doesn't mean that I GIVE UP my life insurance policy
> for
you.

>

> We signed a document that I wrote. I hand-delivered it to management
> and

sat down again to take calls. 3 and 1/2 years have passed. PSC hasn't done anything. Florida AG hasn't done anything. Many people that leave the PSC become lobbyists for BellSouth.

>
> You were fired for a stupid mistake. Others that have done much, much worse are still working. Some have even been promoted. What you did was, in my opinion, not a good enough reason to fire someone over. But, that's my opinion. Still, you left yourself open and they jumped at it. Millie miscalculated her FMLA hours. She's gone. She gave them a reason. Kelly was fired for sales. Sales that were WORSE than mine. She said she'd let them have it! She's out and hasn't done a damn thing about it. Jackie's on IB, all messed-up, nerves shot to hell.

>
> I'm still here. Because I have to. I haven't changed. I wrote the
> original
complaint. I took the heat. I spoke with their attorneys 4 times. Alone. I lived days and months when no one would even look at me straight in the face. They checked me out so well that a proctologist couldn't have done a better job. I survived, I'm still here. Still making 42K a year. BECAUSE I WILL NOT GIVE THEM A REASON. Which is why I really WORRY them.

>
> I know they've hurt you and yours. I know you probably don't have a
> chance
in hell in the courts. Because every time they look to re-open the case, they check the reason why you were fired and realize that the company had the right to fire you. They don't look at why it was done during that time. They don't stop to consider that it was retaliation for whistle-blowing, which it was.

>
> Now Bea wants to do an "INVESTIGATION" on Bell and wants to write an
article on Bell, using ME and my documents, which are my LIFE INSURANCE policy, as the centerpiece of her article, as the only solid piece of credible data for her article, and it is to be done NOW. Not when I choose, but when she chooses.

>
> Bell denies the allegations. No one else INSIDE backs me up and
> there's
really no case because I, the holder of the information, have not been legally "harmed." Let's move forward 1-2 years later. I get fired. Now I have nothing because I've given it all up. Now what do I do?

>
> Put yourself in my place. How many 42K jobs are out there at this
> time.

I'm working e-commerce, off the desk, and being left alone. No official ENTITY, not the PSC, not the State AG, is opening an investigation into Bell. Bea is going to put me on the front page. What do you think is going to come of it?

>
> Spero Canton, their front PR man is going to state that, "as with any
large enterprise, there are always going to be a small number of unethical employees... that Bellsouth does not tolerate... that any employees caught... up to and including termination... that we are sorry that Mr. Callava feels that way... if he were to follow current procedures that are in place and SNITCH to us who these reps are..."

>
> You get the picture. They fire a few guys. They get replaced by a few
more. Nothing happens. Not a damn thing.

>
> The day someone OFFICIAL subpoenas me and my data (duces tecum), I'll
> be
there. Until then, I keep quiet and continue to be left alone, taking e-commerce orders. They were going to fire me in a month or two, then this position that had previously been denied me was given to me. They got smart. Really quick. I'm glad. Because they don't want to read what I'm holding. I was going to hit the air waves on Spanish am radio and create a website just to tell my story, as well as go to court. But don't forget I paid my dues gathering this data.

>
> As I've said before, I'm here for you. Put me on the stand and I'll
> tell
the truth. I won't lie for you, or for anyone, for that matter, but the truth will help

you. Have anyone else put me on the stand or depose me and the same thing holds true. I'll tell the truth, nothing but. But, Ed, is not currently conducting an investigation or writing an article on Bell, Bea is. And Bea doesn't have Jack.

>
> This is where we stand today. I feel for you and wish that I could
> make it
ok again. I can't. And I'm sorry because I know you're an honest and ethical person.

>
> Ed
>
>
>
>

----- Original Message -----

From: <1baboon@bellsouth.net>

To: "Sandra Padron" <ariztokat_921@hotmail.com>

Sent: Saturday, May 18, 2002 8:52 AM

Subject: Re: BellSouth

> Hi, Sandra. Everything you mentioned is correct, except that Hugo Leyva did not leave the Company. He's in jail for drug offenses. I'm aware of all that's going on, except, of course, of any investigations that may be taking place by government agencies. Although I do believe that the person handling the PSC complaint did try to do an unbiased investigation, I also believe that many parts of said investigation to the original complaint were somewhat stonewalled or not pursued well enough for the facts to come out. Additionally, if we had not been Bellsouth employees, would the reply to our document have taken 2 years to reach us? Would it have had blacked-out parts? I think not. Since I've realized that the PSC is either unable or unwilling to take any concrete action to prevent the everyday occurrences of lying, misrepresentation, unethical behavior that I'm so familiar with every morning when I open up to take calls, I've been very carefully compiling every instance of fraud for quite some time now and keeping a hard copy. One day, a courtroom will have access to these records, as well as to the hundreds of others that I kept before our complaint was ever sent out. Perhaps it won't make a difference. We'll see. Anyways, thanks for the update. I may stop by to see you at your job, if it's ok with you, on Thursday after Memorial Day.

> Would like to talk to you about a couple of things in person. Later.

>

> Ed

>>

>> From: "Sandra Padron" <ariztokat_921@hotmail.com>

>> Date: 2002/05/17 Fri PM 01:01:15 EDT

>> To: 1baboon@bellsouth.net

>> Subject: BellSouth

>>

>> Hi Ed,

>>

>> It has been a long time since I emailed you. I think this may be of interest to you. If there is anything else you would like to add let me know.

>> Someone from Multi came to my office at Team Metro and advised me that not

>> only, Kelly was fired for her sales but Rosa Diaz, as well. She also told

>> me that things were a lot worse than before the PSC audit. She said that

>> email & internet were taken away, and that no one can print a transaction or
>> order. That cheating was more rampant than ever. That people who did not
>> offer/sell the optional services were being b-formed left and right.
That
>> our mutual friend "Hilda Geer" was transferred from her position as
General
>> Manager for Florida-----I wonder why? We both have a pretty good
indication
>> of why. Well, I gave the PSC's telephone number (Jerry Hallenstein) to
her
>> to forward to Rosa Diaz. She told me that Mr. Cellular Hugo Leyva left
>> Bellsouth and that Ariel Cal was promoted to management in 411. I find
this
>> quite interesting since I know that these two people are guilty of
>> "cheating" and I had referred them to my ex-supervisor--Domingo. Why am
I
>> telling you all this? Well I forwarded the information to the PSC Carl
>> Vinson & Jerry Hallenstein and they found it interesting that the
printing
>> had ceased as well as all other changes. They are interested as well
because
>> BST is also being investigated for R.I.C.O. violations by the Attorney
>> General, Bob Butterworth. They contacted me on a coference call and
are
>> looking into reinvestigating BellSouth. They are interested in speaking
>> with anyone who is not BellSouth friendly, in management that may have
left
>> the company so that they can question them as well. I still feel
strongly
>> that they abuse their employees, as well as, lie and cheat at any
>> opportunity they get. It is funny, that I find these things out through
>> people that are still employed by BellSouth, whom I worked with
previously
>> and they volunteer all this information---and the people I work with are
>> witnesses to the autrocities of BellSouth. I am letting you know
because
>> They (the PSC) may be contacting you again on these issues. I also
advised
>> them that on "the did not order forms" many of the individuals, in fact
a
>> great portion of them had not received any disciplinary action,
whatsoever.
>> They will be looking into this as well. I thought I should let you know
so

>> that if you know of anyone (ex-management) who is willing to talk to the
PSC

>> -- to let me know so that I can pass it on to the PSC.

>>

>> Don't be a stranger. Have a great weekend.

>>

>> Best Regards,

>>

>>

>>

>>

>>

>> Send and receive Hotmail on your mobile device: <http://mobile.msn.com>

>>

>>

>

>

From: Lisa Harvey
Sent: Tuesday, December 11, 2001 3:56 PM
To: Walter D'Haeseleer; Dan Hoppe; Bill Lowe; Beth Salak
Cc: Sally Simmons; Carl Vinson; Jerry Hallenstein
Subject: Subpoena of Jerry Hallenstein

FYI

Jerry received a subpoena today to testify in a civil trial regarding a former employee of BellSouth who is suing the company for wrongful termination. The former employee along with other BellSouth existing employees filed a complaint with the Commission in 1999. Jerry investigated the complaint and published a formal audit report in May 2001, titled BellSouth Telecommunications, Inc., Sales Methods and Practices. The complaint alleged among other things, unethical sales practices. Six of 16 allegations were partially substantiated in Jerry's report.

Legal (Martha, Beth, David and Harold) is currently discussing what course of action to take on the subpoena. The trial is scheduled for December 17th.

From: Beth Keating

Sent: Tuesday, December 11, 2001 5:18 PM

To: Lee Fordham

Cc: Andrea Cowart

I will be out tomorrow morning again with Casey, so I need your help. Jerry Hallenstein has been served with a sup poena to appear in court in Miami on Monday regarding a civil case. I believe he is being called due to a management report he did a few months back. I don't see any reason for him to appear--the report says what it says. I've called the attorney's office and left a message, but haven't heard back from him.

Would you please call him again for me in the morning and try to talk him out of it? If you can't, could you possibly help by starting a draft Motion to Quash? Several reasons: 1. distance and they only sent him \$42 to cover expenses; 2. there's also apparently a federally recognized (and recently state recognized as well) protection for staffers involved in an audit/investigation process. Martha can fill you in and she was going to check with Mary D. tomorrow to see if we have some examples of Motions to Quash in Appeals' files.

I'll leave the Subpoena and the applicable federal rule on your chair.

Andrea, if perchance Lee isn't in tomorrow, please forward this to Felicia. Perhaps she can lend a hand. Thanks.

From: Carl Vinson
Sent: Thursday, May 17, 2001 4:59 PM
To: Sally Simmons; Rick Moses
Cc: Lisa Harvey
Subject: FW: PPR 7 & 8 Additional document request

Guys- by coincidence, I just got this email today that is a response from Bell to KPMG about DOE. Speaking for myself (and maybe Lisa too) about all I know about DOE is what the email says below.

I hope the attachment will contain some more substantial info on DOE. It is a report prepared by Price Waterhouse-Coopers for BellSouth that compares DOE to SONGS, in the context of determining whether Ga/Fl (DOE states) test results would be valid for states that use SONGS.

-----Original Message-----

From: Beth.G.Craig@bridge.bellsouth.com
[mailto:Beth.G.Craig@bridge.bellsouth.com]
Sent: Thursday, May 17, 2001 1:28 PM
To: jntabgoba@kpmg.com
Cc: cvinson@psc.state.fl.us; cwolverton@kpmg.com; dwirsching@kpmg.com; ebroussa@psc.state.fl.us; Michele.Gantt@bellsouth.com; lsharvey@psc.state.fl.us; madderly@kpmg.com; marybethkeane@kpmg.com; mweeks@kpmg.com; nredchuk@kpmg.com; wlincoln@kpmg.com
Subject: RE: PPR 7 & 8 Additional document request

Juliet,

DOE is the application used to generate service orders in Florida, Georgia, North Carolina and South Carolina (former Southern Bell states). The SONGS application is used to generate service orders in Alabama, Louisiana, Mississippi, Kentucky and Tennessee (former South Central Bell states). Only the DOE application is used to generate service orders for the BellSouth Florida OSS Test.

CDIA documentation BellSouth provided to KPMG via CDs in September 2000

contains process documents used by LCSC to generate service orders in
DOE and

SONGS. While each process document contains the relevant DOE and SONGS
information KPMG may find the following documents especially useful:

Doc Name: DOE Flows Doc Number: U6-DFLW-0001

Doc Name: Electronic Interface System Flow Doc Number:

'JA-EISF-0001

The LCSC training documentation provided to KPMG in September 2000
includes DOE
and SONGS.

The attached document provides additional information regarding DOE and
SONGS
comparability.

Please contact me if you have any questions.

Thanks

Beth Craig

Office: 404 927-7390

STATE OF FLORIDA

Commissioners:
E. LEON JACOBS, JR., CHAIRMAN
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI



DIVISION OF REGULATORY OVERSIGHT
DANIEL M. HOPPE, DIRECTOR
(850) 413-6480

Public Service Commission

May 3, 2001

Ms. Sandra Padron
P.O. Box 140812
Coral Gables, FL 33114-0812

Dear Ms. Padron:

Please find enclosed a copy of the Bureau of Regulatory Review's audit report entitled *BellSouth Telecommunications, Inc. Sales methods and Practices*. The purpose of the Commission's review was to investigate and assess the allegations raised in both of the complaint letters received by the Commission's Division of Consumer Affairs in 1999.

Staff performed an in depth analysis of BellSouth's sales practices including the allegations raised in the letters. The report presents staff's recommended improvements to further ensure the fair treatment of BellSouth's customers. As you will note, BellSouth has requested confidential treatment of various passages of the report in accordance with Chapter 25-22.006(3) Florida Administrative Code. These passages are blacked out in the final report.

We sincerely hope that this report addresses your concerns.

Sincerely,


Lisa Harvey
Chief, Bureau of Regulatory Review

LSH/JMH/bjm

cc: Bev DeMello, Director, Division of Consumer Affairs
Carl Vinson
Jerry Hallenstein

COPY

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
Miami Division

CASE NO.: 00-3489-CIV-KING/O'SULLIVAN

SANDRA L. PADRON,)
)
Plaintiff,)
)
Vs.)
)
BELLSOUTH TELECOMMUNICATIONS,)
INC., a foreign corporation authorized to do)
business in Florida,)
)
Defendant.)

CONFIDENTIAL

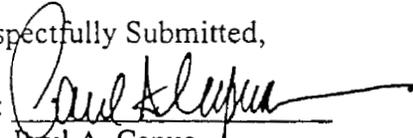
PLAINTIFF'S SUMMARY JUDGMENT EXHIBITS

1. **Exhibit 1** – Formal Complaint of Illegal and Unethical Activities Occurring at the BellSouth Corporation, Consumer Services, Multi-Lingual Marketing Department in Miami, Florida (“Complaint”);
2. **Exhibit 2** – Criminal Case Stipulation;
3. **Exhibit 3** – Record of Disciplinary Action;
4. **Exhibit 4** – Job Description – Director, p. 2;
5. **Exhibit 5** – Answer to Interrogatory # 7 of Defendant’s Response to Plaintiff’s Second Set of Interrogatories;
6. **Exhibit 6** – Proprietary Information Pertaining to Data and Mechanized Systems;
7. **Exhibit 7** – Records of Sales Representatives Not Terminated for Improper Accessing of Accounts Without a Valid Business Reason;
8. **Exhibit 8** –Records of Employees Geer Terminated for “Improper Access of Account Without a Valid Business Reason;

Dated this 14th day of November, 2001.

Respectfully Submitted,

By:


Paul A. Capua

Fl Bar No.: 0068500

LORENZO & CAPUA

Courthouse Plaza - 11th Floor

28 West Flagler Street

Miami, FL 33130

paulcap@gate.net

Tel.: (305) 374-6518

Fax.: (305) 373-5613

Attorneys for **MS. PADRON**

WE HEREBY CERTIFY that a true and correct copy of the foregoing has been mailed on this 15th day of November, 2001 upon:

James R. Glenister, Esquire

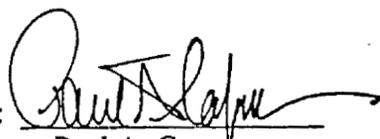
Mark F. McIntosh, Esquire

1100 Peachtree Street

Suite 1400

Atlanta, Georgia 30309

By:


Paul A. Capua

From: Gotchababybell@aol.com
Date: Wed, 29 Oct 2003 23:17:37 EST
Subject: OSS meeeting I sent you this...Oct 2000
To: slp_921@yahoo.com

Plain Text Attachment

From: Cindy Miller
Sent: Monday, October 02, 2000 3:15 PM
To: PAI - Managers; Mary Bane
Cc: Demetria Watts; PAI - Telecom; Bev DeMello; David Dowds; Lisa Harvey; Diana Caldwell; Carl Vinson; Paul Stallcup; Catherine Bedell; Beth Keating; Walter D'Haeseleer; Sally Simmons; Tim Vaccaro; Kathy Lewis
Subject: FCC Meeting on Sec. 271 matters

The FCC meeting in Orlando last Friday was an extremely useful meeting, in my view. When BellSouth re-files their Sec. 271 application in Florida, we will have a better idea of what areas are most important in the FCC's view. The FCC had sent their key people on the issues and they had prepared succinct presentations highlighting the most pivotal issues. (Lisa Harvey also helped organized the meeting). Dorothy Atwood, Chief of the Common Carrier Bureau, led the meeting. Anu Seam of the Dept. of Justice was present. Kathy Forroba, Jessica Rosenworcel (who is the BellSouth region contact), Daniel Shiman, Rich Lerner (who did the CALLS order) and Jennifer McKey were other lead staffers. They handed out a one-pager regarding the key FCC documents and contacts on the 271 process. I will send it around.

Dorothy said the goals of the meetings (this was their 6th trip to provide the info) are:

- (1) Demystify the FCC process -- to tell states what they look for in the Sec. 271 process.
- (2) Help create a better record in the state proceedings -- They need to rely on "deference" to state proceedings. They will need to be on the phone alot with the state PSC staff; "otherwise, gaming of the process by the ILECs and CLECs occurs." They want a complete state order -- with findings of fact and conclusions of law. Then, on day 20 of the application being filed with the FCC, states have the opportunity to further expand their points. For example, if there is something that has occurred after the state proceeding that has been successful, the state might want to file that.

There were staff from the Tennessee, North Carolina, Georgia, Louisiana, Florida, South Carolina, and Alabama Commissions. I think there were only two Commissioners present -- one from Georgia and one from Louisiana.

They discussed the 14 point checklist, the timeframe (Day 20 -

http://us.f409.mail.yahoo.com/ym/ShowLetter?box=Inbox&MsgId=9770_5339040_1388... 10/29/2003

opportunity for comments; Day 35 - Dept. of Justice evaluation; Day 45 - Reply Comments. They described their meeting the previous day with the CLECs as very useful and commended the presentation (Vicky Gordon Kaufman had spearheaded the effort. The presentation had separate points by data CLECs, facilities-based CLECs, and platform CLECs.

They mentioned that they rely heavily on the states because they hold no hearings or evidentiary fact-finding.

I asked about any ex parte problems with our folks talking to them. They said that if they contact us (as opposed to us contacting them), we have no obligation to file an ex parte letter. However, they mentioned that if they need to "rely" on the information we provide, it must be in the record.

The CLECs want some collaborative process with BellSouth -- a place to go work out issues... some business-to-business forum. The FCC thought that BellSouth might be supportive. New York and Texas had such "collaboratives" with mixed results. Verizon sets up a meeting once a month about trying to improve wholesale performance, especially DSL provisioning. The FCC said that state involvement in encouraging such a process is important. They said it's also possible to have a collaborative on a regional basis.

What they especially look for in the state proceedings are: (1) resolving factual disputes (because the FCC does not hold hearings); (2) data validation; (3) data reconciliation; (4) third party testing. They said there are three options for data validation -- the state does it (NY); company-to-company (Texas); (3) third party testers.

They will great rely on state rate proceedings and they do not do a "de novo" review. They mentioned the impact of the Eighth Circuit decision on TELRIC pricing. Since they obtained a stay of the decision, "TELRIC is still in effect, so states should still comply with TELRIC and FCC rules," according to Jennifer McKey.

OSS and pricing are the two biggest issues in the Sec. 271 proceedings. If these look out-of-kilter in a filing, the FCC staff warn that the application will have a difficult time. Competitors will say it should be denied. They mentioned how the \$ vary -- loop conditioning in Texas is only \$25, but \$1000 elsewhere. Loops are one of the most controversial issues.

The concept of regional applications was discussed. On the one hand, Dorothy Atwood said that she thinks that the regional concept is good (i.e., a state relying on another state's testing). However, she also looks for an independent evaluation in each state, with an appropriate state fact-finding. She said that if a state relies on another states' OSS, they would need a simple validation that the same system is involve. She also mentioned that since line sharing is a new unbundled network element (UNE), another state's test that doesn't include line sharing could not be relied on. In New York and Texas, they didn't evaluate line sharing because it was not yet in effect. But they will be doing so in the Mass. application.

A clear theme from the staffers was "call them!" if we have questions.

They mentioned major new rules are on: collocation, line sharing, dark fiber, and loop make-up information. I pointed out that it's difficult

for states to keep up with all the orders they are issuing, especially when they issue Further Notices of Proposed Rulemaking and the status of the matters are in such flux.

They would like for BellSouth and the state commissions to do a performance plan and urged state PSCs to encourage it. This would be part of the public interest inquiry and would trigger some form of penalties if performance standards were not met post-271 approval.

From: Carl Vinson
Sent: Monday, February 07, 2000 11:55 AM
To: Richard Bellak
Cc: Beth Keating; Catherine Bedell; David Smith; Jerry Hallenstein; Lisa Harvey
Subject: Atty-client privilege and Deason vs. BellSouth

We are in the beginning stages of an audit of cramming at BellSouth which stems from an anonymous letter rec'd by the Chmn. The letter, though long, simply alleges indirectly that BellSouth has placed onerous "sales quotas" on customer svc employees who formerly were not required to sell services. The claim is that this creates an incentive to cram, especially if you are not well-versed in sales techniques, etc.

We asked for several pieces of info to feel out the magnitude of the alleged problem. In the response, we find that BST has recently instituted new anti-cramming controls and that the new controls may have led to the detection and termination of a sizeable # of cramming employees. I think the situation is serious enough to warrant an investigation (especially given the similar "priors" on their corporate record) even though it may be that BST has detected and resolved the problem.

Here is where you come in: BellSouth withheld from their response to our doc request, an investigation triggered by the anon letter, that was --you guessed it-- REQUESTED BY THE LEGAL DEPT. Which causes me to ask where did the case of Deason vs. BellSouth leave us on the subject of atty-client privilege in a frighteningly similar situation? What would we do to cite it and use it in this audit?

We would of course like very much to see this investigation and need help getting it. Any suggestions?

1999
This is a lie, The complaint
was not anonymous. I have
the complaint - It was sent
Certified with all current employees
name.

Sep.

-----Original Message-----

From: Jerry Hallenstein [mailto:JHallens@PSC.STATE.FL.US]

Sent: Wednesday, September 06, 2000 12:16 PM

To: Padron, Sandra (Team Metro)

Subject:

Sandra,

I just want to touch base with you. My trip to Miami a couple of weeks ago was cancelled due to the threat of the hurricane. Unfortunately, we couldn't get everybody together again until this week. I'm headed to Miami today and will be there through Friday.

One of the obstacles I'm running into here at the Commission is the lack of or loose legal rules in place that govern deceptive sales or marketing practices. In other words, it's safe to say that what BellSouth is doing is ethically wrong, but finding them in violation of a Commission rule or any other law is a difficult task. That's where the lawyers come into play. We might be recommending some new rules.

Also, I recently received another complaint from a BellSouth customer in regards to the Complete Choice plan. Without getting into the details, the customer is saying that BellSouth is using deceptive advertising (i.e., newspaper ads) to sell the plan. I'll be addressing this complaint with BellSouth while I'm in Miami as well. I will give you a call next week to give you an update and to let you know how the trip went. My need your help again as well. Thanks again for your patience and cooperation. The deeper I get into this the longer the process takes.

Jerry

Is your RETURN ADDRESS completed on the reverse side?

SENDER: <input type="checkbox"/> Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. <input type="checkbox"/> Print your name and address on the reverse of this form so that we can return this card to you. <input type="checkbox"/> Attach this form to the front of the mailpiece, or on the back if space does not permit. <input type="checkbox"/> Write "Return Receipt Requested" on the mailpiece below the article number. <input type="checkbox"/> The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery	
3. Article Addressed to: Robert A. Butterworth Attorney General Economic Crimes Division 110 Tower 110 SE 6th St St. Landeche, FL 33301		4a. Article Number Z-306-597-417	
5. Received By: (Print Name)		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
6. Signature (Addressee or Agent) S. Depina		7. Date of Delivery 9-20-99	
		8. Addressee's Address (Only if requested and fee is paid)	

PS Form 3871, December 1994

102595-89-8-0223 Domestic Return Receipt

Thank you for using Return Receipt Service.

SENDING REPORT

Aug. 25 2000 09:13AM

NO.	OTHER FACSIMILE	START TIME	USAGE TIME	MODE	PAGES	RESULT
01	3053819335	Aug. 25 09:12AM	01'26	SND	03	OK

TO TURN OFF REPORT, PRESS MENU #04 SET.
THEN SELECT OFF BY USING JOG-DIAL.

IF YOU HAVE A PROBLEM WITH YOUR FAX MACHINE, CALL 1-800-HELP-FAX (1-800-435-7329).

U.S. Postal Service Delivery Confirmation Receipt

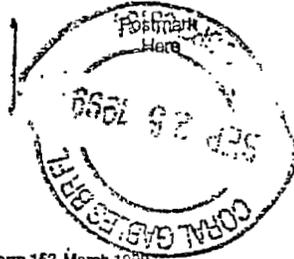
Postage and Delivery Confirmation fees must be paid before mailing.

Article Sent To: (to be completed by mailer)

DELIVERY CONFIRMATION NUMBER:
0310 2990 0001 1526 6636

Fl. Publ. Serv. Comm
2540 Shumard Oak Blvd
Tall FL 32399-0867

POSTAL CUSTOMER:
Keep this receipt. For inquiries: Access
Internet web site at www.usps.com
or call 1-800-222-1811



CHECK ONE (POSTAL USE ONLY)

- Priority Mail
- Standard Mail (B)

(See Reverse)

Sandra L Padron
4926 SW 6th ST
Miami Fl. 33134
(305) 444-0686

September 24th, 1999

Florida Public Service Commission
Consumer Service Affairs
2540 Shumad Oak Blvd
Tallahassee, FL 32399-0867

Re: Bellsouth Telecommunications Inc.

To Whom It May Concern:

I am writing to your office to make you aware of unethical business practices by Bellsouth. Approximately five to six years ago the company was involved in a Major class action sue which involved the Attorney General, Robert Butterworth, The company was guilty of putting "optional services" on the customer's lines without the customer's knowledge. Employees were given monetary prizes and trips, bikes, televisions, and other items for their sales. This is part of what they did several years ago that resulted in the class action sue against Bellsouth.

I need to advise your office that the company has found a loophole in the mandate that your office and that of the Attorney General's. They are forcing Their employees to sell "Complete Choice" to all customers whether they need It or not. They are incorrectly advising their customers that the "complete Choice" service is the best and less expensive service available. I worked for Bellsouth for nine years and I can attest that this is not so. They are misleading the customers advising them of this. Then they reward the employees who sell The most to the customers with VCRs, TVs, bicycles, and trips.....sounds like something that happened previously---doesn't it.

Several of us wrote a letter to management complaining about unethical behavior

By the company and their answer was to hire attorneys to pound us with
Questions back and forth to try to change our wording around. They
Used a small mistake that I made to fire me, because I was one of the
ones that signed the letter. Many employees feel this way but have not acted
for fear of loosing their jobs.

I have attached documentation that I was able to sneak out of the company that
Confirms what I have mentioned. Also, I have attached a copy of the letter
We sent to management.

Sincerely,



Sandra L Padron

CC The Miami Herald
Channel 7 News

AFFIDAVIT

BEFORE ME, the undersigned authority, this day personally appeared:

NAME (Mr./Mrs./Ms.) Sandra L. Padron
Print or type name

ADDRESS 227 Bird Road

Coral Gables Fl 33146 Date of Birth 9/21/62

TELEPHONE - Home (305) 444-0686 Work () n/a

to me well known, and who, after being duly sworn and deposed, upon his/her personal knowledge, states:

1. I have a complaint against Bellsouth Telecommunications
(person/ company name, address, and telephone)

600 NW 79 Av - Miami, FL 33126 (305) 260-4771

2. I first learned of this person or company through (example - telephone, mail, newspaper ad)

Personal experience.

(Please attach the advertisement, mailing piece or other documents received)

3. Clearly and in detail, please state your complaint below and on the back of this page.

Describe events in the order in which they occurred, including the dates, times, and names of individuals you dealt with. Include in this section a description of the goods, products or services you purchased or rented or for which you were solicited, and describe in as much detail as possible any statements or representations made to you regarding the goods or services. If misrepresentations were made to you, please state them as specifically as you can. You may attach additional pages if necessary.

Attached will find documents
that were initially signed by

give representatives with BellSouth
telecommunications against said customers
of BellSouth. This is indicative of what
the company originally was guilty of
about seven years ago. Let us say -
history is repeating itself. I have
removed the name of the person who
wrote the letter to protect him because
the company may discharge him for
whatever "minor" reason because of
this. I was discharged for performing
a responsibility change on the wrong
customer's account and waiving the \$10.00
because the customer was irate. I
have nine years with the company
and believe that they are acting
unethically and without regard to
the customer. Again the problem
in the company is so great that
it took a "back" to describe them.
I feel that all this should be
looked into. Furthermore, I am

enclosing copies of the prizes for sales.
that the reps are given. They are being
promised trips to the "Bahamas" sound
familiar. It seems they did not learn
from the first mistake (see attached document!)

4. I have paid \$ _____ to _____ in the form of
(name of person or company)

_____ (check, money order, cash, etc. **IMPORTANT:** You
must attach copies of front and back of checks, or any receipts showing proof of payment,
if you are seeking a refund.)

5. I have received a full or partial refund in the amount of \$ _____ from
_____ (the company, your credit card company, etc. Please attach
copies of these items.)

6. In order to resolve this complaint, I would like (example - a refund, cancellation of the
contract, etc.) Bellsouth policies to change and a refund

be issued to its customers, as well any damages incurred by myself

7. I have attached the following documents in support of my complaint (please refer to the

Instruction Sheet to ensure you have enclosed all necessary documents):

Letter from five Bellsouth employees
attesting to the letter & copies of "sales"
blitz prizes. I do not have my
"termination letter" because the customer
refuses to give it to me after I have
asked for it several times.

Alot of the reps (aiden) are so stressed out
that they have been ~~been~~ seeing a psychiatrist
myself included.

8. FURTHER AFFIANT SAYETH NAUGHT.

REDACTED

(Your Signature)

(Social Security Number)

SWORN TO AND SUBSCRIBED BEFORE ME this _____ day of

_____, 199__.

STATE OF _____

COUNTY OF _____

My commission expires:

Notary Public

(Print, type or stamp commissioned name
of Notary Public)

Personally known _____ or
Produced identification _____

Type of identification produced:

NEW CONNECT SCRIPT

OPENING

Bellsouth Sr/Sra. _____ me puede dar su numero de telefono incluyendo el area code, o esta llamando para ordenar un nuevo servicio telefonico?

NAME

Me puede dar su nombre? Gracias.

ADDRESS

Me puede dar su nueva direccion? Gracias.

LISTING

Su nuevo servicio telefonico lo podemos publicar de gratis en el directorio local de telefono, como le gustaria que apareciera su nombre?

****NOTE: Use keyword spelling for verification if necessary.**

If no listing is desired then:

Nosotros tenemos dos tipos de servicios que le podemos ofrecer

El primer servicio es el semi-privado. Este servicio le cuesta .80 centavos al mes y su nombre solo aparecera para el uso de nuestras operadoras de informacion.

y

El segundo, nuestro servicio privado, le cuesta \$1.75 al mes. Este servicio lo excluye de aparecer en las guias telefonicas. Nuestras operadora no podran ofrecer ningun tipo de informacion sobre su numero de telefono. Cual de los dos servicios usted prefiere?

****NOTE: BNA disclosure if appropriate.**

SS#

Mientras tomo datos para completar su orden, voy a necesitar hacerle unas preguntas acerca del uso que usted le va a dar a su telefono. Ha tenido servicio telefonico anteriormente con nosotros? (Si es necesario pregunten cual fue el numero de telefono).

CALLING CARD

Sr/Sra. _____ me gustaria enviarle una tarjeta nueva llamada Bellsouth Global Card que no le cuesta nada adicional al mes y le permite hacer llamadas de larga distancia marcando 1-800-BELLSOUTH desde cualquier lugar de el mundo. Es muy importante poder hacer llamadas cuando se encuentra de viaje. Cuantas quiere que le envie?

900/976

Bellsouth ofrece tambien un bloqueo gratis a las lineas 900 & 976, quiere que le agregue ese bloqueo a su servicio telefonico?

(IF YES, advise customer:)

Si desea cancelar el bloqueo en un futuro, nos tiene que enviar una carta para confirmar su peticion.

LPIC/PIC

Debido a la competencia que existe en estos momentos, usted necesita seleccionar ahora una compania para hacer llamadas al area local extendida. Esas son llamadas hechas fuera de su area code, pero en su vecindad. Que compania le gustaria utilizar para esas llamadas? Si lo desea, le puedo leer la lista de las companias que ofrecen servicio en el area.

****NOTE: Si el cliente selecciona a Bellsouth, busque el guion de Area Plus.**

Que compania de larga distancia le gustaria seleccionar para poder hacer llamadas fuera de el area de donde usted vive y al extranjero?

CREDIT INFO.

Para quien trabaja usted en estos momentos?

Cual es el numero de telefono de su trabajo?

Tiene algun otro numero telefonico donde pudieramos contactarlo?

Cual es el nombre y el telefono de la persona o compania que le cobra la renta?(en caso de que fuera necesario)

****NOTE: Populate average toll usage (AVT) from information obtained earlier.**

DEPOSIT

Va a necesitar un deposito de \$ _____ para poder conectar su telefono.

El deposito lo puede pagar personalmente en _____.

Asegurese de llevar con usted cualquier identificacion que tenga foto porque va a tener que mostrarla cuando pague el deposito.

Me puede dar su numero de seguro social? Nos autoriza a que podamos ofrecer su numero de seguro social a la compania de larga distancia que usted seleccione para su uso?

****NOTE: Perform credit check, while waiting for Equifax to process the information, begin fact finding.**

CFE
QUESTIONS

Cuantas personas van estar utilizando su servicio telefonico?

Usted tiene una computadora or un fax?

Tiene una idea de cuanto se va a gastar aproximadamente al mes en llamadas de larga distancia?

Aproximadamente cuanto se gasta usted al mes con su servicio de telefono celular?

Va a necesitar ahora ordenar mas de una linea de telefono?

MVT RECIBE

Basado en la informacion que nos ha dado, el plan que mejor le conviene y que mas le recomiendo es uno que tenemos llamado Seleccion Completa, el cual le incluye llamadas sin limites locales y en que ademas tiene la opcion de seleccionar alrededor de 20 servicios opcionales que le incluye el identificador de llamadas, la llamada en espera, la llamada en conferencia, y la devolucion de llamadas. Yo le puedo ofrecer este servicio completo con el plan de mantenimiento incluido y el cargo obligatorio de la FCC por solo \$33.45 al mes. Que le parece? Se lo ordeno ahora, verdad?

****NOTE: (Customize services based on CFE recommendations)**

If customer accepts, go to the next step. If customer does not accept, try to overcome objections first then offer 1FR and 1MR. Negotiate individual services including Flexible Call Forwarding and Memory Call. See "Overcoming Objections" for more information.

PEN & PAPER

Sr/Sra: _____ debe tomar nota de la informacion que le voy a ofrecer en este momento, tiene lapiz y papel a mano?

El plan de mantenimiento le cubre la reparacion de las tomas interiores y del alambrado telefonico. Los terminos y las condiciones de el plan seran detallados en su primer recibo. El pago de su primera cuenta telefonica nos indicara que lo ha aceptado en la forma que se le explico .

Como informacion, tambien ofrecemos un servicio de llamadas sin limites por \$_____ y un servicio limitado por \$_____ el cual le permite hacer 30 llamadas al mes, si se pasa de esa cantidad, se le cobrara .10 centavos por cada llamada adicional. Estos dos planes no le incluyen ningun tipo de servicio opcional.

MEMORY CALL

Otro gran beneficio que puede obtener con el plan de seleccion completa, es que puede tener el servicio nuestro de memoria por un mes de gratis y pagar solamente \$4.45 despues. Le gustaria tratarlo a ver que le parece?

****NOTE: If yes, go to the next step. If no, see Overcoming Objections" for more information.**

DESCRIBE SVCS

La casilla del servicio de **Memory Call** le recibira los mensajes cuando usted no conteste el telefono. Los servicios que activan el Memory Call estan incluidos en el plan de Seleccion Completa y son los siguientes:

- **Call forwarding don't answer** envia las llamadas a su buzón de memoria cuando la llamada no es contestada.
- **Call forwarding busy line** envia las llamadas a su buzón de memoria cuando la línea telefonica esta ocupada.

The **message waiting indicator** le indica a traves de un tono diferente que tiene mensajes en la casilla de memoria.

Hay algunas cosas que tiene que saber para poder activar el servicio de memoria. Primero el numero que tiene que llamar para tener acceso al servicio es_____. El mensaje que va a escuchar le va a indicar paso a paso como activar su servicio personal. Su codigo temporal y su buzón de memoria va a ser su nuevo numero de telefono.

BILLING

Quiere que su cuenta mensual se le envíe a la misma dirección donde se va a conectar el servicio o a una diferente?

DIRECTORY

Se le va a enviar a vuelta de correo las guías telefónicas complementarias que tardarán de 10 a 12 días después que su teléfono ya esté conectado.

**INSTALLATION
FEES**

Su cargo por la conexión del teléfono será de \$_____ (Explique la tarifa adecuada y la opción de pagarlo en plazos)

DUE DATE

Su servicio de teléfono se lo podemos instalar el día _____. En caso de que tuvieramos que llamarlo referente a esta orden, a qué número le pudieramos dejar un mensaje?

****NOTE: Negotiate access to premises if necessary and and make sure that the contact number is not a beeper. If the customer does not have a CBR then enter appropriate NPA and 111-1111 (EX.) 305-111-1111.**

****NOTE: Do not override suggested due date RNS gives on orders that require a field visit.**

SUMMARY

Vamos a repasar lo que hemos hablado anteriormente. Recuerde que lo único necesario para su servicio telefónico básico es la línea residencial y el cargo obligatorio de la FCC, todo lo demás es opcional y no es requerido para servicio básico.

****NOTE: Review with the customer: listing, address, billing date, monthly charge**

When Complete Choice is ordered:

Su pago mensual va a ser de \$_____, eso le incluye la selección completa de los servicios que le mencione anteriormente. La línea residencial y los servicios opcionales se pueden adquirir también individualmente. Le enviaremos a vuelta de correo una lista con todos los servicios que están disponibles bajo este plan. Usted puede añadir cualquier servicio que desee a este plan sin tener que pagar nada adicional a través de nuestro sistema automático de Rightouch. El número a llamar es 1-800-826-6290. Se le va a enviar a vuelta de correo un código de acceso personal en su primera cuenta para que pueda usar este servicio automático. Con Rightouch además de

Gary R. Davis
2345 Captain Drive
Deltona, FL 32738

August 13, 1998

Ms. Cindy White
Senior Director
Bell South Telecommunications
902 West University Avenue, Suite 201
Gainesville, Florida 32601

Dear Ms. White:

As you are aware, I first contacted you by letter on October 2, 1996 regarding wrongdoing in my work center, including the improper billing of customers and falsification of records. A copy of that correspondence is enclosed herewith for your reference. At the time of that correspondence, I advised you that my decision to come forward about these matters was a matter of both personal ethics and my belief in and adherence to Bell South's Code of Conduct for my 30 years of employment with the company. For better or worse, as stated in that Code, I believe "our first responsibility is to the people who count on us for their telecommunications needs...we will deal with our customers straightforwardly and honestly...when we err, we will make things right." I also placed my belief in the Code's ethical standard that "each of us expects to be heard and we in turn pledge to listen...we will speak out when we see ethical lapses."

Since October 2, 1996, almost two years has passed and the problems remain unresolved. As you know, Corporate Ethics in Atlanta became aware of the situation and eventually an internal audit was performed in February, March and April, 1998. That audit resulted in a feedback meeting on April 6, 1998, which was attended by you, myself, James Moore, Harold Logsdon, Gerald Bourland and Max Lightsey. You personally requested at that meeting that I contact you again before I considered bringing in, as you put it, "the big guns." To that end, I am again contacting you and requesting your assistance in rectifying these problems and the continuing and mounting harassment I have been faced with since contacting you.

As you know, as a result of my speaking out, my first level supervisor was replaced. However, this action only resulted in his being placed in another local work center and being given another crew to supervise. As a result of this change, he has seen fit to engage in an ongoing and escalating vendetta directed towards me (the employee who spoke out when he saw an ethical lapse). I have been contacted by several other employees who have informed me this supervisor has specifically

named me as the cause of his relocation, has singled out crew members and told them that they must not speak or associate with me or they would be sorry, and made numerous inappropriate and derogatory comments about me. The direct result of this has been the creation of a very hostile working environment. A recent incident involved the displaying at the work center of a dead cat whose head had been smashed, followed by an anonymous voice mail message to me regarding the cat.

I have been told by other employees that the second level supervisor is aware of the cat incident and that he has been conducting his own investigation. It seems as though that "pledge to listen" has gone by the wayside, as I have not been personally contacted regarding any of these problems.

To this day, the original problems that I brought to your attention still exist and remain unresolved. In addition to those problems, as noted above, I am continually subjected to harassment for my attempt to preserve Bell South's image and correct a problem the public, as yet, is unaware of. The Code of Conduct provides that "Bell South's reputation was built on the honesty of hundreds of thousands of people over the years, and we recognize that we can diminish that reputation in one single instant." I am not attempting to diminish that reputation, rather I am attempting to bring forward and have resolved problems that could seriously affect the Company's reputation and credibility. To that end, I again request your assistance in resolving these problems in a manner that not only benefits the company, but does not subject me to further harassment because of my honesty and integrity.

If you wish to discuss this further, you may contact me by voice mail (780-2918, mail box #904-691-2473). The mail box number is also my pager number. I can also be reached in the evening at home (904-789-5826). Any assistance you can render in resolving these issues would be greatly appreciated.

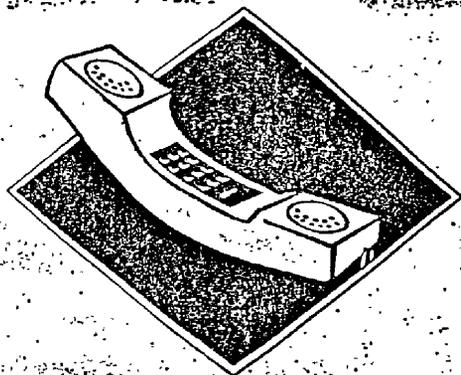
Sincerely,



Gary R. Davis

Enclosure

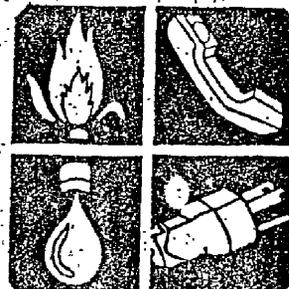
cc: F. Duane Ackerman
Charles Coe
Jerry Guthrie



Review of
BellSouth Telecommunications, Inc.
Sales Methods and Practices

May 2001

By Authority of
The State of Florida for
The Public Service Commission
Division of Regulatory Oversight
Bureau of Regulatory Review



Review of
BellSouth Telecommunications, Inc.
Sales Methods and Practices

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By Authority of
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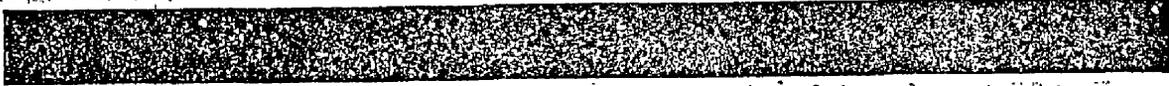
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1. BellSouth Telecommunications
% of Gated/Diverted Calls to Total Sales Calls (June 1999-May 2000) 16

2. 

1.0 EXECUTIVE SUMMARY

1.0 Executive Summary

1.1 Objectives

In November 1999, the Division of Competitive Services of the Florida Public Service Commission (FPSC or the Commission) requested that the Bureau of Regulatory Review (the Bureau) investigate and assess the sales methods and practices applied by BellSouth Telecommunications, Inc. (BellSouth or the company). The review was triggered by two employee complaint letters received by the Commission's Division of Consumer Affairs in June and November 1999.

Both letters, one of which was anonymous, were written by BellSouth employees and primarily allege that BellSouth customer service and sales representatives were resorting to unethical sales activities in order to meet their individual sales quotas. The complainants alleged that overly aggressive BellSouth sales quotas created the incentive to cram services and products on customers' bills. The Bureau of Regulatory Review was able to identify 16 specific allegations associated with the complaint letters.

To address the issues raised in the letters, the objectives of this review were to:

- ◆ Document BellSouth's various sales channels and its methods of operation.
- ◆ Assess BellSouth's policies, procedures, and internal controls designed to protect consumers from unauthorized phone charges (cramming of calling features).
- ◆ Determine whether BellSouth's current sales methods and practices comply with FPSC rules.
- ◆ Determine whether BellSouth's residential customers are treated fairly and ethically.

1.2 Scope

Given these objectives, the scope of the review focused upon BellSouth's customer service and sales representatives within the company's Consumer Services organization. These groups of employees are the primary point of contact for handling almost any residential customer request or inquiry. As the primary point of contact, these positions play a key role in the sale of BellSouth's products and services. Within each of these groups, the Bureau of Regulatory Review focused on examining past and present sales practices, procedures, and internal controls in effect from 1997 to date. This review period matches the time frame of the allegations raised in the complaint letters.

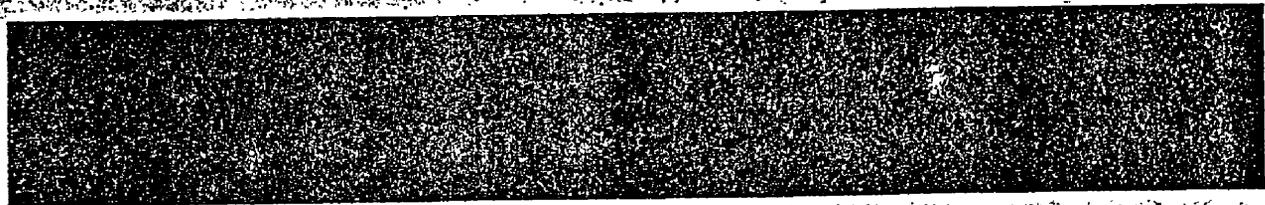
1.3 Methodology

To investigate the allegations contained in the complaint letters, the Bureau of Regulatory Review conducted on-site interviews with key management employees and each of the BellSouth employees who signed the written complaint filed with the Commission. Information regarding BellSouth's business operations was also gathered through responses to the Bureau of Regulatory Review's document requests, as well as BellSouth's responses to information requests made by the Office of the Attorney General in its investigation of this matter.

The Bureau of Regulatory Review also randomly monitored service and sales calls at BellSouth offices without the customer service or sales representative's knowledge. Once the analysis was concluded, a draft report was written and provided to the company to verify accuracy and to address issues related to the use of potentially confidential material in the report.

1.4 Overall Opinion

Through the Bureau of Regulatory Review's investigation, six out of the complainants' 16 allegations were at least partially substantiated. Staff notes that improved controls implemented since the filing of the complaints have increased the company's ability to detect and deter improper sales activity.



The Bureau of Regulatory Review recommends the following actions to further ensure the fair treatment of customers. These recommended actions are discussed in detail in Chapter 6, *Analysis of Allegations*.

- ◆ Commission staff should consider changes to FPSC Rule 25-4.107 to provide specific guidance as to when during the initial contact with the customer the company is required to disclose basic service choices.

{Preliminary indications are that Commission staff does not plan to request a rule change}

In the Bureau of Regulatory Review's opinion, BellSouth should consider taking the following actions:

- ◆ Customer service and sales representatives should disclose basic service options prior to offering any other calling plans, such as Complete Choice.
- ◆ Include an element in the state and regional observation teams' monitoring checklists to specifically observe whether representatives are disclosing basic service options prior to offering any other calling plans, such as Complete Choice.
- ◆ 
- ◆ Include a Representative Effectiveness evaluation criteria in the sales representative report card to measure the quality of handling service-related calls.
- ◆ Investigate unethical sales conducted by representatives and, if applicable, hold supervisors accountable.
- ◆ Prescribe a number of monthly or quarterly evaluative customer contacts to be monitored by supervisors to effectively assess each representative's performance
- ◆ Provide follow-up annual ethics training to all employees and managers. The training should specifically include a course on ethical treatment of customers.
- ◆ Include an element in the state and regional monitoring teams's checklist to observe the accuracy of deposit calculations and note the basis for any deposit waiver.
- ◆ Re-evaluate the usefulness and practicality of the call matrix used by customer service and sales representatives to delineate and prioritize the various types of incoming customer calls.
- ◆ Separately track the number of customer call backs denoting a new service order that was not processed or lost by BellSouth.

2.0 BACKGROUND AND PERSPECTIVE

2.0 Background and Perspective

2.1 BellSouth Employees' Complaint Letters to FPSC

On June 8, 1999 and November 15, 1999, the FPSC's Division of Consumer Affairs received two separate complaint letters from BellSouth employees. The June letter was signed by five employees of BellSouth's Miami-based multilingual sales group. The November letter was anonymous and appears to be written by a single author. In both letters, the complainants primarily allege that in new service sales, package plans are pushed by the company without giving adequate notice of separately available services. The letters claimed that the presentation package plans (e.g., Complete Choice) employ "intentionally misleading techniques" to confuse, rather than to provide choices to customers. The complainants contend that this type of marketing is institutionalized and reinforced through training, rewards, and a corporate culture that drives sales representatives to make sales at all costs.

To address the complainants' specific concerns, the Bureau of Regulatory Review compiled the following list of specific allegations from the letters. Each is separately addressed in Chapter 6, *Analysis of Allegations*.

1. BellSouth's Complete Choice plan is misrepresented as a class of service. The wording and phrases used by some representatives mislead the customer into believing they will be limited to 30 calls unless they choose the Complete Choice plan.
2. Representatives are told to meet sales quotas in any way, at any cost, or be formally reprimanded.
3. Sales objective dollar amounts were raised to a point where most representatives were not able to meet the company's objectives.
4. Optional services including BellSouth's Complete Choice plan is frequently added to the customer's line even after the customer declined the offer.
5. MemoryCall is added to a customer's line without the message waiting tone that would alert the customer that something has been added to their line without proper authorization.
6. Sales representatives are "gated" to take service calls without being told.
7. There is no incentive on the part of the sales representatives to handle service calls effectively.

8. No disciplinary action is taken against a representative or his/her supervisor when unauthorized products and services are added to a customer's line by the representative.
9. Sales and service training provided to new and existing representatives is inadequate.
10. Where a deposit is required by company policy, representatives often lowered or waived the deposit as long as the call generates sales.
11. Representatives can override a deposit recommendation per the credit bureau to encourage sales.
12. Representatives need additional time to complete and/or correct orders, but are not provided sufficient time to do so under current incentives.
13. Service and sales representatives are supposed to follow a call routing matrix outlining what calls to handle, but failure to adhere to it, or loosely doing so, results in no negative impact whatsoever.
14. Representatives change a dwelling that is already entered into BellSouth's database with its own location to an additional line for the purpose of generating additional revenue towards the high sales quota.
15. Multiple pagers and cellular phones are sent to customers who did not request them in order to inflate sales totals of unscrupulous representatives.
16. New connect service orders cannot be traced once they are canceled. Representatives will cancel an order that does not generate sales instead of generating the unprofitable order or holding it for deposit.

2.2 Southern Bell's (BellSouth) 1992 Settlement Agreement with the Statewide Prosecutor

One complaint letter makes reference to the October 9, 1992 settlement agreement between the Statewide Prosecutor and the Office of Statewide Prosecution and Southern Bell (now BellSouth Inc.). Among the issues addressed in this agreement were issues raised in FPSC Docket No. 900960-TL regarding the company's sales programs and alleged unethical treatment of customers. Per the agreement, BellSouth was required to develop, implement, and maintain a "Review Program" and allow semi-annual audits to be conducted by an outside accounting firm for a three-year period beginning on the date of the settlement. The audits were performed to assure that BellSouth/Southern Bell complied with the obligations and programs set forth in the Review Program.

The settlement agreement lists specific key operational and procedural changes that were to take place as part of the Review Program. Included were changes to the company's sales and service programs and a new code of ethics. Some of the key changes were:

- ◆ Confirmation letters are to be sent to subscribers stating the new service ordered and the rate for such services.
- ◆ Sales personnel are to make clear to customers that optional services are not required to obtain basic telephone service.
- ◆ The sale of optional services by non-sales personnel in Florida is to be discontinued.
- ◆ Development of a self-inspection program that includes inspecting the level of sales activities of individual employees to identify potential problems.
- ◆ An enhanced internal auditing program that includes auditing the level of sales by individual employees whose sales may exceed reasonable limits in an effort to identify improper sales practices.

The ethics program included development of a new Code of Ethics to be distributed to all Southern Bell employees. The program also included mandatory training and annual written acknowledgment of the new ethics code. Details of the program are discussed in Section 4.1.

2.3 Rules and Regulations

Both the Federal Communications Commission (FCC) and the FPSC have devoted considerable efforts to combat cramming. The FCC has no rules that directly address cramming, unethical sales activities, or deceptive marketing practices, but did issue and order principles and guidelines designed to make it easier for consumers to read and understand their telephone bill. These principles and guidelines, issued in April 1999, are known as the "Truth-in-Billing Requirements" and are set forth in Section 64.2001, Title 47 of the Code of Federal Regulations. The requirements are intended to make telephone bills more consumer friendly in order to protect against market abuses and are based on the following three basic principles:

- ◆ That consumer telephone bills be clearly organized, clearly identify the service provider, and highlight any new providers.
- ◆ That charges contained on telephone bills be accompanied by a brief, clear, non-misleading, plain language description of the service or services rendered. The description must be sufficiently clear in presentation and specific enough in content so that customers can accurately assess that the services for which they are billed

correspond to those that they have requested and received, and that the costs assessed for those services conform to their understanding of the price charged.

◆ That bills contain clear and conspicuous disclosure of any information the consumer may need to make inquiries about, or to contest charges, on the bill.

In addition to the federal directives, the FPSC has adopted various rules that were intended to eliminate or reduce the level of cramming complaints in Florida. The rules, incorporated by the Commission at the local exchange company level, relate to cramming and include those affecting customer relations, customer billing, and discontinuance of service (FPSC Rule 25-4.107, 25-4.110, and 25-4.113, Florida Administrative code). The primary regulation that would address the complainants' concern of unethical sales activities is addressed in FPSC Rule 25-4.107, Customer Relations. This rule states the conditions under which a local exchange company can place an order for telephone service:

Each company shall provide such information and assistance as is reasonable to assist any customer or applicant in obtaining telephone service adequate to his communication needs. At the time of initial contact, each local exchange telecommunications company shall advise the person applying for or inquiring about residential or single line business service of the rate for the least expensive one party basic local exchange telephone service available to him unless he requests specific equipment or services.

In any discussion of enhanced or optional services, each service shall be identified specifically, and the price of each service shall be given. Such person shall also be informed of the availability of and rates for local measured service, if offered in his exchange.

Additionally, as part of FPSC Rule 25-4.110, each local exchange company is required to provide customers with an itemized bill in easily understood language. The rule further requires itemized bills to include "charges for customer calling features, separated by feature."

3.0 Sales Process

3.1 Consumer Services Group

BellSouth's Consumer Services Group is the company's largest organization and is responsible for driving the day-to-day service operations. Consumer Services has direct contact with customers via BellSouth's sales centers, service centers, collection centers, and repair centers. Sales of BellSouth's products and services are generated by the company's sales and service centers.

In addition to sales generating through the Consumer Services organization, BellSouth has contracts with three independent vendors who conduct outbound telemarketing calls on behalf of BellSouth. These outside vendors were not examined within the scope of this review since they were not a primary focus of the complaint letters. However, in December 1998, BellSouth's internal auditing staff audited the outbound telemarketing operations to ensure that internal controls were adequate and effective.

3.1.1 Sales Centers

Sales of BellSouth's products and services to its Florida customers are conducted out of five sales centers located in Jacksonville, Orlando, Ft. Lauderdale, and two in Miami. One of the Miami sales centers is specifically dedicated to handling multilingual sales for the entire BellSouth nine-state region. The remaining four English sales centers are set up as a "large team," meaning that an incoming call will be directed to the first available sales representative, not necessarily a sales representative closest to the city where the call originates. The English sales centers have been in existence since 1988. The multilingual sales center was created in 1993.

Each sales center location is managed by a center leader with a team of supervisors for every 15 to 20 sales representatives. As of July 2000, BellSouth employed 648 customer sales representatives, averaging about 130 representatives per sales center. The sales representatives are primarily responsible for generating revenue through sales of all basic network (POTS) and vertical services, as well as nonregulated products and services. Among others, these services include:

- ◆ Residential Flat Rate Service
- ◆ Residential Measured Rate Service
- ◆ Calling Cards
- ◆ Calling Features:
 - Call Forward
 - Caller ID
 - Call Waiting
 - RingMaster
 - Repeat Dialing
 - Voice Mail
- ◆ Cellular CPE & Service
- ◆ Paging CPE & Service
- ◆ Maintenance Plans
- ◆ Internet Services
- ◆ Area Plus

Sales of these services result from incoming calls placed by existing customers and potential customers. Via BellSouth's automated calling system (Call Screener), a customer's call will be routed directly to a sales representative if the customer is placing an order for a new service connection, adding or deleting calling features, or transferring service. It should be noted that a version of BellSouth's Call Screener is also available in Spanish to assist Spanish-speaking customers.

Upon receipt of a customer call, the sales representative is instructed to identify the caller's needs and to maximize revenue opportunities by tailoring a service recommendation to the customer. In most cases, the customers are presented a recommendation of a package of services (e.g., Complete Choice).

In addition to conducting sales, sales representatives are trained to handle almost all types of service-related calls, such as bill inquiries and disconnects. Often, customers with a service-related problem are "gated" or "diverted" to sales representatives in efforts to distribute the workload evenly among the service and sales representatives and to assist BellSouth in meeting FPSC answer time requirements. In other words, a customer who calls to report a service problem might be gated or diverted to a sales representative, who would resolve the customer's need, but would also facilitate the marketing of additional products and services. BellSouth noted that if the situation is warranted, calls could be diverted from sales to services.

According to BellSouth, the primary distinction between gating and diverting is the way service calls are distributed throughout the sales force. BellSouth "gated" calls prior to January 2000. Selected sales representatives were "gated" calls for extended periods, for up to four hours. Beginning in 2000, the excess service calls are "diverted" throughout BellSouth's entire sales force for shorter periods. However, the complainants allege that no incentive exists for sales

representatives to handle service calls effectively. This issue is discussed in the Bureau of Regulatory Review's response to *Allegation 7* in Chapter 6.

Over the twelve-month period June 1999 through May 2000, BellSouth, on average, gated or diverted approximately 173,000 customer calls a month to sales representatives. Exhibit 1 depicts the percentage of gated/diverted calls to the total number of calls received by BellSouth's sales centers over the same period. On average, 34 percent, or just over a third of the total calls handled by BellSouth sales are the result of service calls being gated/diverted. BellSouth states it did not gate calls to sales representatives prior to 1999.

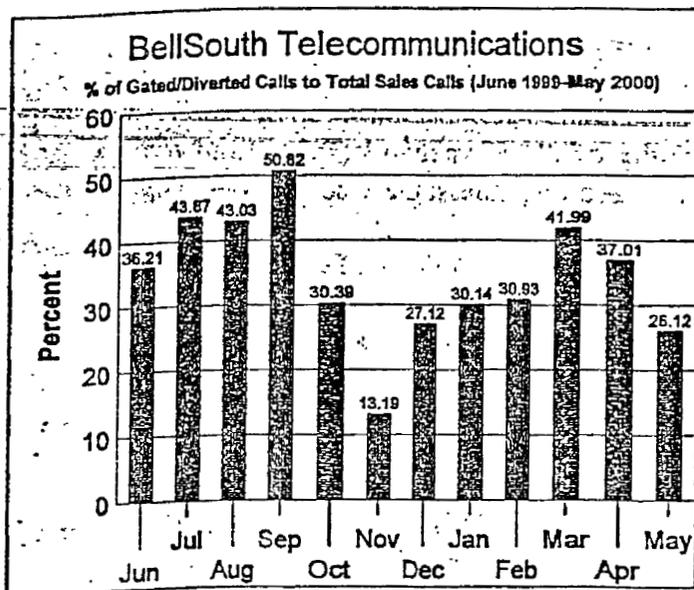


EXHIBIT 1

Source: BellSouth's Response to Document Requests 1-5, 2-10.

3.1.2 Service Centers

BellSouth's service centers are primarily responsible for resolving service-related inquiries from existing customers. Examples include providing billing information, suspending, restoring, or disconnecting service, and making payment arrangements. As previously mentioned, the service centers are also held accountable for lower sales objectives of BellSouth products and services than sales centers since the calls handled by representatives present fewer sales opportunities.

BellSouth presently has 13 service centers located throughout the company's Florida region. Two of the Florida service centers (both located in Miami) are specifically designated to handle multilingual customers for the entire BellSouth nine-state region. Each service center location is also managed by a center leader with a team of supervisors for every 15 to 20 service representatives. As of July 2000, BellSouth employed 1,231 customer service representatives, with the greatest concentration of employees located in the Miami service centers. Like the sales centers, the service centers are set up as a "large team" where an incoming call will be directed to the first available service representative. On average, BellSouth's service centers receive a total of 1.6 million customer calls each month.

3.2 Hiring and Training

Prior to hiring new service and sales representatives, all applicants are first required to take a general aptitude test that measures basic job skills (i.e., grammar, math, and computer competency). A phone interview test known as the [REDACTED] is then conducted with the applicant. The [REDACTED] is conducted by an independent vendor, [REDACTED] and is used to determine job placement (i.e., service or sales). If the applicant is qualified for the job, the final step is an on-site interview with a BellSouth supervisor to familiarize the applicant with the work environment and job responsibilities.

New sales and service representatives receive the same initial training. As a result of internal audits conducted in 1998 BellSouth recognized the need for more intensive initial training. In June 1999, BellSouth introduced a new training program called the "BEST" program. The BEST program is a seven week computer-interactive and role-playing training program that includes approximately five days of on the job training (i.e., handling calls) with an experienced representative. The BEST program includes a curriculum of over 20 courses. Such courses include:

- ◆ Understanding Others
- ◆ Preparing to Take Calls
- ◆ Selling Products and Services
- ◆ Issuing a New Order
- ◆ Negotiating Payment Arrangements
- ◆ Selling Wireless
- ◆ Issuing a Change Order
- ◆ Selling BellSouth.net
- ◆ Issuing Adjustments
- ◆ Issuing a Transfer Order

After release from initial training, new representatives are placed in an incubator group for a period of four weeks. Over this period, the representatives take on the same responsibilities as an experienced representative, but they are continuously monitored and tutored by an assigned supervisor. While in the incubator group, the representatives are expected to meet 60 to 70 percent of required sales quotas. Upon completion of the BEST program, representatives receive continuous training every 30, 60, 90, and 120 days. After 120 days, all representatives periodically receive targeted training on new products and services throughout their career.

The Bureau of Regulatory Review attempted to obtain past training material, however BellSouth does not maintain out-of-date training material. According to the company, prior to implementation of the BEST program, representatives received eight weeks of classroom training and were then put directly on the job. The company stated that continuous training was not as structured as it is today.

3.3 Sales Targets

Both BellSouth's customer sales and service representatives are held accountable for meeting specific dollar amount sales objectives. Annually, BellSouth Corporation develops a statewide total dollar sales objective based upon selected economic and business assumptions, such as access line growth and demographics. BellSouth's five Florida sales centers are accountable for meeting 70 percent of total projected sales for the state. The remaining 30 percent is expected to be generated by BellSouth's Florida service centers.

To meet the statewide total dollar sales objective, a sales or revenue goal is set for each sales center and service center. The revenue goal for each sales and service center is distributed equally among the representatives in the form of monthly sales targets. Sales and service representatives are expected to achieve or exceed the monthly sales targets through sales of BellSouth's individual products and services.

The monthly sales targets are a major component of the sales and service representatives' monthly "report cards" or appraisal forms. These report cards work on a point system used to evaluate performance. The report cards vary between the sales and service centers, and are changed either semiannually or annually to reflect newly targeted products and services as discussed further in Sections 3.3.1 and 3.3.2 below.

If representatives need assistance in obtaining their goals, a Development Action Plan is initiated between the representative and their respective supervisor. The Development Action Plan ensures that a representative first received coaching in areas that need improvement before any disciplinary action is taken. Failure to achieve a satisfactory score may lead to disciplinary action. Disciplines can range from "informal" discussion between the representative and his or her supervisor to employee termination.

3.3.1 Sales Representatives' Report Cards

For the year 2000, a sales representative's report card is broken down into four primary components or performance measurements, plus two "bonus" measurements. The four primary components are Total Revenue, Revenues Per Access Line (RPLN), Talk Time, and Adherence. The bonus measurements are based on achievement of Internet and Cellular sales objectives. Sales representatives are not required to meet their bonus measurements, but can do so to add points to their overall evaluation score.

The Total Revenue component is the center's revenue goal distributed among the sales representatives in the form of monthly sales targets. In order to meet their sales targets, BellSouth assigns a revenue credit amount to each of BellSouth's individual products and services. The revenue credit amount is adjusted annually to provide additional incentive to sell targeted products and services in keeping with BellSouth objectives. For example, in July 1999, the monthly revenue objective for a sales representative was \$35,300. If the sales representative were to sell Complete Choice, cellular, and paging to a new customer, the sales representative would have been credited \$90 for Complete Choice, \$78 for cellular, and \$78 for paging for a total of \$246 towards the \$35,300 monthly sales objective. An average of one such sale per hour would allow the representative to slightly exceed the monthly sales objective of \$35,300.

To determine how successful sales representatives are in meeting their sales objectives, the Bureau of Regulatory Review reviewed 4,242 report cards and calculated the percentage of Total Revenue scores that were less than satisfactory over two six month periods in 1999 and 2000. The company's records for the sample indicated that 15 percent of the scores were less than satisfactory.

In addition to the Total Revenue objective, another component of the report card is Revenues Per Access Line (RPLN). The purpose of tracking an RPLN objective is to encourage sales representatives to maximize the revenue produced through each new primary access line generated. In other words, in July 1999, the representative would be expected to sell, on average, \$147 worth of products and services for every new primary access line generated. In order to fully maximize the RPLN, representatives are encouraged to offer each customer a wide menu of services available from BellSouth, such as Internet services, cellular services, and additional calling features. Prior to BellSouth implementing the RPLN objective, sales representatives were held accountable for meeting sales objectives on an individual product basis.

The two remaining components of the report card are Talk Time and Adherence. The purpose of these measurements is to ensure that calls are handled as efficiently as possible. Talk Time is the average time a sales representative stays on the phone with a customer. Over the past two and one-half years, BellSouth's monthly Talk Time objective for sales representatives ranged from 7.43 to 8.78 minutes. Adherence is the percentage of the work day a sales representative is expected to be on-line available for customer calls. On average, BellSouth's monthly adherence objective is about 95 percent, with the 5% remaining time spent on breaks.

Each of the four primary components plus the bonus measurement is weighted and summed to derive an overall score. The weight assigned to each component may be adjusted from year to

year, but the Total Revenue component is the largest. For example, in 2000, Total Revenue accounted for 50 out of 100 points. The overall score is used to evaluate performance, with a maximum of 120 points. Failure to achieve 79.4 percent of the maximum 120 points would result in a less than satisfactory evaluation and may eventually lead to disciplinary action.

3.3.2 Service Representatives' Report Cards

A service representatives report card also includes four primary components plus a "bonus" measurement. Three of the four primary components are the same as those used to evaluate sales representatives: Total Revenue, Total Talk Time and Adherence. The fourth component is Representative Effectiveness.

The monthly Total Revenue objectives set for service representatives are significantly lower than those set for sales representatives, since service representatives are primarily involved in resolving service calls. In July 1999, the monthly revenue objective for a service representative was \$10,718, while a sales representative's objective was \$35,300.

To determine how successful service representatives are in meeting their sales objectives, the Bureau of Regulatory Review reviewed 3,990 report cards and calculated the percentage of Total Revenue scores that were less than satisfactory over the twelve-month period January through December 1999. The company's records for the sample indicated that 25 percent of the scores were less than satisfactory.

Representative Effectiveness is used to measure overall customer satisfaction and is based on customer satisfaction survey results compiled at the state level. The survey results measure service qualities such as helpfulness, resolution of problems, and rapport with customers. All of BellSouth's Florida service representatives are awarded the same Representative Effectiveness score on their monthly report cards. Given the sheer number of BellSouth representatives, individual Representative Effectiveness measurements are impractical.

The bonus measurement, Offer Rate, is based on efforts made by the service representative to offer BellSouth's various products and services on each call. The measurement is derived from a minimum of six monthly observations conducted by the representative's supervisor.

Like a sales representative, a service representative is evaluated based on the four weighted components plus the bonus, with the largest being Total Revenue. Service reps can earn a maximum score of 120 points on their monthly report cards for exceeding the required sales quotas. Failure to achieve 82 percent of the maximum 120 points would result in a less than satisfactory evaluation and may eventually lead to disciplinary action.

3.3.3 BellSouth's 1999 Agreement with CWA

In 1999, BellSouth Florida Consumer Services entered into an agreement with the Communications Workers of America CWA in efforts to provide a better working relationship between the two organizations. As part of the agreement, BellSouth removed disciplinary actions

taken against sales and service representatives from 1998 through May 1999 for failure to attain sales goals. The following specific actions were taken per the agreement:

- ◆ All 1998 sales and service representatives' appraisals that were less than satisfactory were rated as insufficient performance (diagnostic).
- ◆ All January through May 1999 sales and service representatives appraisals that were less than satisfactory were rated as insufficient performance (diagnostic). Appraisals would be evaluative for the June through December 1999 time period.
- ◆ Any disciplinary action taken in 1998 and 1999 as a result of less than satisfactory evaluations due to sales were removed from appraisals.
- ◆ From January through March 2000, BellSouth retrained sales and service representatives on sales techniques.
- ◆ Appraisals became "official" in April 2000.

3.4 Compensation

BellSouth compensates both sales and service representatives on an hourly wage basis coupled with a variety of incentive programs implemented by BellSouth at the state and corporate levels (entire nine-state region). Incentive programs provide awards to individual representatives for various recognition programs (i.e., Customer Care launch of new products, being one of top 10 representatives to sell X in a day, as well as reaching or exceeding their monthly sales objective).

At the state level, prizes such as gas cards and movie tickets are awarded to representatives. These prizes are not to exceed a worth \$25 per week. The incentive list continuously changes based on feedback from the representatives on what incentives motivate them to strive for that day or week to promote a BellSouth product. For example, representatives may tire of movie tickets and recommend Wal-Mart gift certificates

At the corporate level, monthly contests are conducted to motivate sales. Representatives can earn up to \$1,600 annually in the form of credits to an American Express debit card account. In addition, recognition events are held in various locales to recognize the top Sales, Service, and Collections performers within the nine state region. vacation trips are awarded to recognize top sales performers within each of BellSouth's nine states. Year 2000 winners traveled to San Francisco.

A representative is not eligible to participate in any corporate contests if their personnel records denote an ethical violation. Additionally, all contests are audited for accuracy.

4.0 SALES PROCESS INTERNAL CONTROLS

4.0 Sales Process Internal Controls

4.1 Code of Ethics

As part of BellSouth's 1992 settlement agreement with the Statewide Prosecutor, BellSouth was required to develop and implement a new ethics education program for all new and existing employees to ensure quality and ethical behavior. The program materials include a verbal presentation by BellSouth Security entitled *Cheat, Steal, Conduct, Fraud*, a BellSouth ethics handbook, *A Commitment to Our Personal Responsibility*, and a computer CD-ROM interactive course, entitled *Ethics-Everyone's Responsibility*. Several of the topics covered in the programs include the following:

- ◆ Equal Opportunity
- ◆ Health and Safety
- ◆ The Environment
- ◆ Conflict of Interest
- ◆ Fair Competition
- ◆ Customer Information
- ◆ Privacy of Communications
- ◆ Computer Systems

Upon completion of the program, all employees are required to sign a "Personal Responsibility" oath, which acknowledges BellSouth's ethics policy. The signed copy is updated annually and retained as part of the employee's permanent personnel file. BellSouth's ethics policy states:

Consumer Services has **ZERO TOLERANCE** for the following:

- ◆ Adding features to a customer's account without clear and specific permission to do so.
- ◆ Falsifying customer records...any records...any time...any where
- ◆ Reporting out using false information
- ◆ Accessing your own telephone records or those of family or friends, without specific and prior permission to do so—and then only in an unusual circumstance.
- ◆ Mishandling proprietary information
- ◆ Customer Abuse
- ◆ Insubordination
- ◆ Profanity

- ◆ Violence on any company property, either inside or outside company buildings.

Through the ethics program, BellSouth also offers several hot lines that employees may use to report questionable or unethical conduct. In response to a document request, BellSouth provided a description of [redacted] incidents involving placement of unwanted services that were called into the ethics hot-lines since January 1997. [redacted] of the incidents were reported to BellSouth in 1997, none in 1998, and [redacted] were reported in 1999. Of the [redacted] reported incidents, [redacted] were not pursued due to lack of information, [redacted] resulted in employee terminations, three were investigated and handled by BellSouth's legal department, and [redacted] required the investigated employee to receive additional training.

4.2 Customer Service and Sales Monitoring

BellSouth has traditionally employed direct monitoring or observation of customer contact to allow managers to assess individual performance in customer service and sales. Currently, the following three types of customer contact monitoring serve varying internal control purposes:

- ◆ Evaluative Monitoring
- ◆ State Observation Team Monitoring
- ◆ Regional Observation Team Monitoring

4.2.1 Evaluative Monitoring

Through "evaluative" monitoring, supervisors periodically observe each sales and service representative handling calls. Evaluative monitoring has long been the primary method of customer contact observation. However, under the terms of a Memorandum of Agreement with the Communications Workers of America (CWA), BellSouth has been required to turn on a special indicator light to notify representatives when evaluative monitoring is being conducted from an observation room. Evaluative monitoring also may be performed in the representative's presence at his or her work station.

During this audit investigation, no requirements existed for a minimum number of customer calls to be monitored by each representative's supervisor. In staff's 1993 review of the company's sales programs, staff noted that Southern Bell (now BellSouth Inc.) did require supervisors to perform a prescribe number of evaluative customer contacts. Staff's review indicated that at least six customer contacts per quarter were to be observed if the representative had been rated "above satisfactory" at his/her last review, 12 contacts for satisfactory-rated employees, and 18 for representatives or those rated less than satisfactory.

Beginning in 2001, as part of the representative's appraisal plan, BellSouth implemented observation requirements to provide adequate evidence of service and sales representatives' handling

of customer contacts. Eight customer contacts per quarter are to be observed for each Sales Representative and 12 per quarter for each Service Representative.

4.2.2. State Observation Team Monitoring

The second form of customer contact monitoring is performed by the state observation team. In contrast to monitoring performed by supervisors, the purpose of the state team is to observe overall service and sales quality throughout BellSouth's Florida operations. For example, the unit's training needs or adherence to a policy change is assessed through the state team but individual performance is not noted unless an ethical or gross abuse violation is detected.

An example of an ethical violation would be to add calling features to a customer's account without authorization. Gross abuse situations include cutting the customer off, rude or abusive language, or refusal to escalate the customer call to a manager. In 1999, the state team observed [REDACTED] ethical violations that were directly related to incidents of placing unwanted services on customers' accounts. From January through June 2000, a total of [REDACTED] such incidents had been reported. BellSouth no longer retains state team observation results prior to 1999.

The state observation team consists of four employees, of which two are bilingual. Through the team, a daily random sample of 15 customer contacts from each service and sales center is observed, documented, and analyzed. Sales and service representatives have no means of telling that they or their centers are under observation. Since the observations occur continuously on a random basis each week and are performed in a location where the observers cannot be seen, representatives must assume that any call may be under observation at any time. Each observation is scored for compliance in the following areas:

- ◆ Professionalism
- ◆ Speed to Resolve
- ◆ Complete and Accurate Information
- ◆ First Call Resolution
- ◆ Misdirected Call Handling
- ◆ Revenue Generation
- ◆ Service Order Accuracy
- ◆ Legal/Ethical
- ◆ Offer of Products and Services
- ◆ Full Disclosure of Products and Services

In response to a document request, BellSouth provided the state team's observation results for various months within 1999 and 2000. The Bureau of Regulatory Review was specifically interested in examining the results to determine compliance with FPSC rules governing full disclosure of basic service. The company's goal is to be 100 percent in compliance with the FPSC rule.

The observation results showed that compliance slipped to [REDACTED] percent during the first three months of 2000. The company subsequently took action to improve compliance. This included monthly memos and enhancements to scripts reminding representatives to offer basic service with rates to every new customer, and distribution of disclosure reminder stickers to be placed on each representative's terminal. In August 2000, BST's state team observation results showed that representatives improved compliance with full disclosure 98 percent of the time. It should be noted that even if BST complies fully with current requirements, the Bureau of Regulatory Review's opinion is still that disclosure should be covered at beginning of the

customer contact. This concern is discussed in the Bureau of Regulatory Review's response to Allegation 1 in Chapter 6.

4.2.3 Regional Observation Team Monitoring

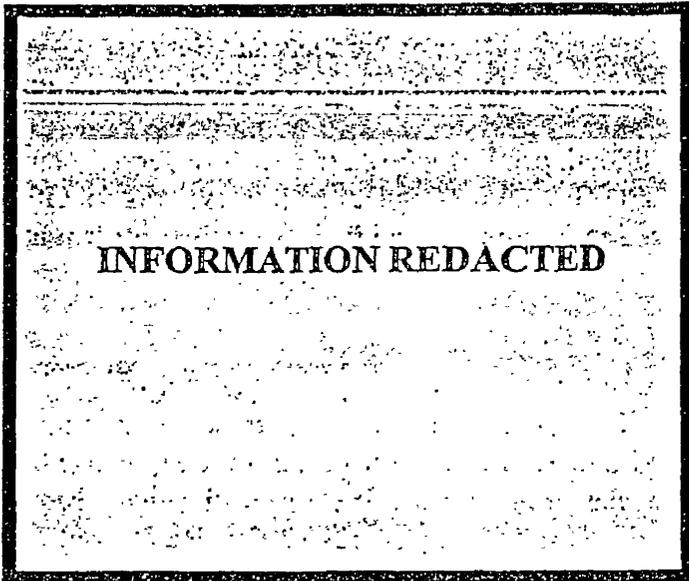
In 1995, BellSouth implemented a regional observation team, formally known as the consumer process analysis team. The team consists of six analysts who perform approximately 4,000 monthly remote observations on the sales, service, repair and vendor centers throughout the BellSouth nine-state region. Each analyst is provided a monthly schedule that includes a computer-generated random sampling of each center throughout the region. The baseline number of observations to be conducted by the analysts is 20 customer contacts per state each month, which totals 1,080 observations. The total number of observations may increase according to call volume.

Like the state observation team, the purpose of the regional observation team is to observe overall service and sales quality. Individual performance is not assessed unless an ethical or gross abuse violation is detected. The regional observation team reported 98 incidents relating to placement of unwanted services in 1998, 29 incidents in 1999, and 12 through June 2000. BellSouth no longer retains its regional team observation results prior to 1998.

4.3 Did Not Order Form

In late September 1999, BellSouth instituted a "Did Not Order" referral form for use when a customer calls in with a complaint that a product or service has been received (or shown up on a bill) that was not ordered. The sales or service representative who receives the complaint is responsible for resolving the complaint, making the appropriate credit adjustment, completing the

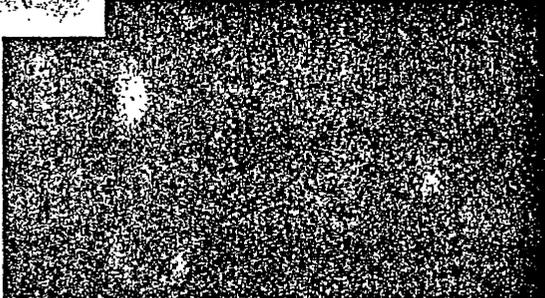
Did Not Order form, and submitting it to management for investigation. Management conducts an investigation and identifies the representative who placed the order that led to the complaint. If warranted, disciplinary action is taken. It should be noted that a separate Did Not Order form is employed for erroneous orders placed by one of the contracted outbound telemarketing sales vendors.

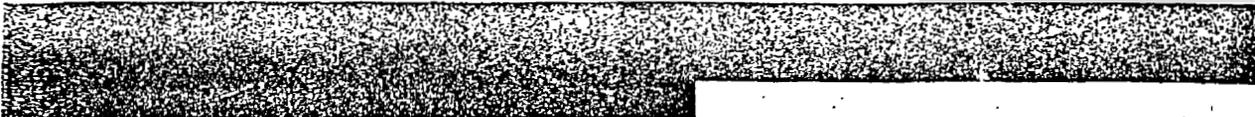


INFORMATION REDACTED

EXHIBIT 2

Source: BellSouth's Response to Document Request 2-12.





Inquiries revealed that some employees believed that completion of the form was optional. Further, they were reluctant to complete the form as it may result in disciplining of a fellow co-worker. To remove any doubt, as of January 2000, BellSouth began issuing a management memo every three months to remind all representatives that completion of the form is mandatory.

4.4 Itemized Bills and Sales Verification Letters

BellSouth sends itemized monthly bills to assist customers in understanding what services they have and the respective costs for each service. Notices are periodically sent to customers advising them to review their bills to ensure that they accurately reflect the services that they have ordered.

In addition, BellSouth sends all customers a verification letter to confirm new orders or changes to an existing order that results in newly added services or plans. Included in each verification letter is a chart depicting the quantity, description of service, and monthly rates for the new services ordered. Depending upon the particular services sold, the letter may include instructions and other information, such as how to use BellSouth's Complete Choice plan or Voice Mail service.

The verification letters are centrally generated by the Customer Instructional Delivery system. Through the Customer Instructional Delivery system, the generation of verification letters is automatically triggered by the processing of the service order. Production control logs are maintained for verification of letters printed and mailed.

The segregation of responsibility for this function away from the customer service and sales centers helps ensure that this control will function as intended to notify customers of changes to their accounts and verify that service requests are executed as negotiated. Upon customer request, BellSouth will generate a verification letter in Spanish. The Spanish verification letter option is only available to BellSouth's Florida customers.

4.5 Internal Audits and Reviews

To focus on any cramming or unethical sales activities that may have been detected by BellSouth's internal processes, the Bureau of Regulatory Review requested a copy of any internal audits or reviews relating to unwanted sales by service or sales representatives. The document request covered the period from January 1996 through January 2000. In response, BellSouth indicated that it conducted an internal investigation as a result of the complaint letter filed by the

BellSouth employees. As part of the investigation, the company's legal department requested an internal audit that was completed in September 1999. The company asserts that this investigation constitutes attorney-client privileged information and was, therefore, not provided to the Bureau of Regulatory Review.

BellSouth did provide the following five audits and reviews:

- ◆ Consumer Large Team Sales Effectiveness Internal Audit (August-October 1998)
- ◆ Florida Joint Team Access Review (August 1998)
- ◆ Cellular Task Team Report Florida (September 1998)
- ◆ Billing and Collections Internal Audit (October 1998)
- ◆ Florida Business Office Review (September 1999)

With the exception of the Billing and Collections audit, each audit addressed the adequacy of internal controls over BellSouth's sales process. The audits focused on sales effectiveness and ethical behavior of BellSouth's sales and service representatives. Some key recommendations noted in the audits were to:

- ◆ Improve initial and continuation training for sales and service representatives.
- ◆ Implement a screening and selection process for new sales and service representatives.
- ◆ Restructure supervisors duties or reduce span of control.
- ◆ Ensure representatives follow Customer Proprietary Network Information (CPNI) scripts.
- ◆ Implement chargeback procedures for returns of cellular and DCS sales.
- ◆ Implement a governance mechanism to ensure gross customer abuse and unethical behavior cases are properly handled by management.

According to the company, in response to the audits, BellSouth right-sized its sales and service centers, implemented the BEST training program in January 1999, improved and increased the amount refresher or continuation training provided to sales and service representatives, added 33 management employees to line positions, and created administrative coaches to assist supervisors with administrative and training duties. The company stated that implementation of these changes improved sales and service representatives' average work time in 1999 by 50 percent and 33 percent, respectively. Additionally, training time increased from four to ten hours per representative per month.

5.0 FPSC CONSUMER COMPLAINTS

5.0 FPSC Consumer Complaints

5.1 Overview

The FPSC Division of Consumer Affairs is the primary contact for customer complaints lodged with the Commission. Upon receiving a customer complaint, the Consumer Affairs representative questions the customer to assure that the customer has first contacted the utility. If not, the customer is encouraged to do so. Then, if the utility company does not resolve the complaint to the satisfaction of the customer, Consumer Affairs will document the consumer complaint.

After complaints are received and logged, the Consumer Affairs representative contacts the company to request an investigation and a description of company actions to resolve the complaint. When the case is closed, the Consumer Affairs representative makes a determination as to whether the company has committed an apparent infraction.

Apparent infractions occur when the facts indicate that a utility has violated either an FPSC rule, a company tariff, or a company policy (e.g. rules and tariffs.) If there is no apparent infraction, the complaint is closed and assigned to a general complaint category such as "rules and tariffs" or "custom call feature." Consumer Affairs records the number and category of customer complaints lodged against each company and reports the results monthly to FPSC Commissioners and staff through its Complaint Activity Tracking System (CATS). These reports help identify and trend continuing problems that may require staff attention.

5.2 BellSouth Infractions

In view of the allegations made against BellSouth in this case, the Bureau of Regulatory Review examined consumer complaints for the period of January 1, 1997 through June 30, 2000. Consumer Affairs uses some 400 codes to categorize the thousands of complaints received annually. Four codes were selected as those most likely to contain any BellSouth consumer complaints alleging unethical sales activities or deceptive marketing practices. The codes are:

- ◆ Cramming
- ◆ Custom Calling Features
- ◆ Marketing Problems
- ◆ Rules and Tariffs

The above four codes selected for BellSouth sampling contained a total of 2,246 complaints for the period. Of those, the Bureau examined 226 for any indication of unethical sales on behalf of BellSouth. The Bureau's analysis revealed that none of the 226 complaints examined resulted from unethical sales activities on BellSouth's behalf.

Although no cases of unethical sales were captured in any of these complaint categories used by the FPSC's Division of Consumer Affairs, these types of complaints would most likely be resolved at the company level without the FPSC's intervention. When a customer calls BellSouth to report an unordered product or service, it is BellSouth's policy to credit the customer's account for the product or service and any related charges.

6.0 Analysis of Complaint Allegations

This chapter discusses and analyzes the specific allegations raised by the complainants pertinent to BellSouth's sales methods and practices. Each allegation is separately listed and begins with a *condition* that describes the situation that may be taking place at the company. The *standard* explains what should be happening. Standards are derived from existing laws and regulations, contractual terms, generally accepted policies, procedures, and company-established management criteria. In addition, standards may be derived from prudent business practice or comparisons with other utilities. The *conclusion* describes actions that were done or should be done to correct or prevent the problem situation.

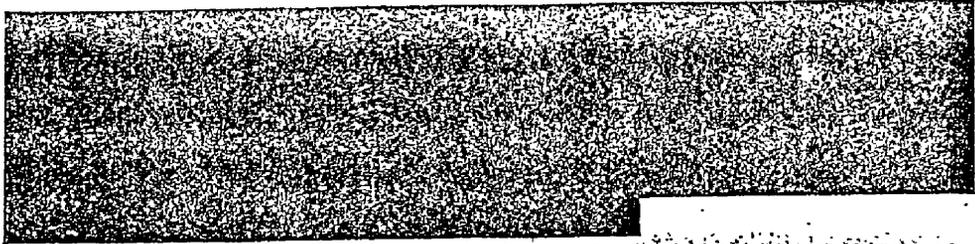
Allegation 1: BellSouth's Complete Choice plan is misrepresented as a class of service. The wording and phrases used by some representatives mislead the customer into believing they will be limited to 30 calls unless they choose the Complete Choice plan.

Condition - (What is happening?)

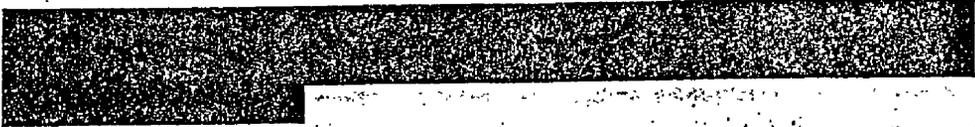
For certain areas within BellSouth's service territory, customers may choose from two basic residential service telephone plans. One basic service plan is limited local calling, also known as measured service, or 1MR. The 1MR tariff restricts the caller to 30 calls per month for a monthly rate of \$7.71. Customers will be billed an additional charge for each call beyond the limit of 30. The other option, and the most popular of the two, is basic service with unlimited local calling, also known as flat rate service, or 1FR. 1FR for rate group 12 is available for a flat monthly rate of \$10.81.

As an alternative to 1FR, BellSouth also offers an enhanced calling plan, Complete Choice, which includes the 1FR service plus 20 calling features for a monthly rate of \$30. The Bureau of Regulatory Review believes BellSouth representatives are currently capitalizing on confusion among customers who do not understand their options. After conducting two half-day monitoring sessions of sales and service representatives, the Bureau concurs that some customers confuse BellSouth's Complete Choice plan with the 1FR plan. In other words, Complete Choice is sold under the misconception that the only alternative is the less desirable and restrictive 1MR plan.

When answering a sales call, representatives are trained to proceed directly to recommend BellSouth's \$30 Complete Choice plan to the customer. As indicated by BellSouth's training documents, BellSouth's practice is to disclose basic local service (1FR or 1MR) options and rates at the end of the call. Through both the Bureau of Regulatory Review's monitoring of customer calls to BellSouth's sales and service centers and examination of BellSouth's sales scripts, it is the Bureau's opinion that BellSouth's representatives are attempting to maximize revenue opportunities rather than making the choice clear to customers. Below is an example of an opening statement to be used by representatives in a sales script provided in the anonymous complaint to the Commission in June 1999:



The sales script further instructs the representative:



Only after the sale is completed is the sales representative instructed to disclose the option for basic service. Wherein the script states:



This particular script was provided as an attachment to one of the complaint letters. It is not clear if and when this script was in use. This script fails to mention requirement to disclose the rate for basic local service as required in Rule 25-4.107. According to BellSouth, the origin of this script is unknown and is not an official corporate approved script. All corporate approved scripts comply with the Commission's rule governing "full disclosure."

Through the Bureau of Regulatory Review's monitoring sessions of service and sales calls to BellSouth, a total of 16 new service order calls were observed. In 15 out of the 16 calls, BellSouth representatives sold Complete Choice with the disclosure of the availability of basic service at the end of the call.

Standard - (What should be happening?)

FPSC Rule 25-4.107 does not specifically state when during initial contact with the customer the company should disclose basic service. However, the Bureau of Regulatory Review believes that the spirit of the rule is not fulfilled under BellSouth's current practice. When presenting BellSouth's calling plans, it is the opinion of the Bureau that BellSouth's representatives should first offer to customers BellSouth's basic service plans, 1MR and 1FR. If the customer chooses 1FR, BellSouth representatives should then clearly present the Complete Choice package as a further enhancement to their service. The decisions of basic service (1FR and 1MR) and Complete Choice should be clearly separated.

In a November 1999 BellSouth letter to the Commission in response to this review, the company states, "All BellSouth representatives are trained and monitored for adherence to the requirement to offer the least expensive option prior to attempting to sell anything else". The Bureau of Regulatory Review's observations and the above sales script contradict the claim that all options are presented before a decision is requested.

Conclusion - (Recommended Action)

At a minimum, whenever a customer calls to initiate service, the Bureau believes a better practice would be for the representative to first recommend one of BellSouth's basic local service offerings (i.e., 1FR and 1MR) and immediately disclose the price for the particular offering. The representative could then explain to the customer that there are other service packages (e.g. Complete Choice) at different rates which can be described if the customer is interested.

In addition, BellSouth's supervisors and all observation teams could include an element in their monitoring process to observe whether representatives are disclosing basic service options prior to offering any other calling plans, such as Complete Choice.

Allegation 2: Representatives are told to meet sales quotas in any way, at any cost, or be formally reprimanded.

Allegation 3: Sales objective dollar amounts were raised to a point where most representatives were not able to meet the company's objectives.

Condition - (What is happening?)

Both BellSouth's customer sales and service representatives are held accountable for meeting specific dollar amount sales objectives derived from a statewide total dollar sales objective developed annually by BellSouth Corporation. To meet the projected sales, BellSouth holds sales and service representatives accountable for meeting monthly revenue objectives. The sales and service representatives are expected to achieve or exceed the monthly sales targets through sales of BellSouth's individual products and services. Representatives who fail to meet the monthly sales targets will first receive coaching in areas that need improvement. Representatives who fail to improve performance over a period of time may be subject to disciplinary action.

The Bureau requested that BellSouth provide the percentage of sales and service representatives who met their targeted monthly sales objectives since January 1998. In response, the company indicated that no such analysis is even attempted by the company. Instead, the

company provided over 12,000 individual service and sales representative monthly report card results, covering the period of January 1999 through July 2000.

To determine how successful representatives are in meeting their sales objectives, the Bureau reviewed over 8,000 report cards and calculated the percentage of instances where sales fell below the monthly Total Revenue objective. For the 19-month period examined, the sample indicated that █ percent of the Total Revenue evaluations for the service representatives rated less than satisfactory. Similarly, █ percent of the evaluations for the sales representatives rated less than satisfactory for Total Revenue.

Standard - (What should be happening?)

█

BellSouth contends that representatives' sales efforts are simply deficient. The company supports its position by pointing to the "Offer Rates" achieved by its sales in service forces in 2000 and 2001. Offer Rates are based on efforts made by the service representative to offer BellSouth's various products and services on each call. During 2000, the Offer Rates in sales and service were 43 percent and 19 percent, respectively. Similarly, through March 2001, the Offer Rates were 38.5 percent and 16.5 percent.

█

The Bureau recognizes that BellSouth has every right to make a profit by emphasizing sales through implementation of sales objectives.

█

Conclusion - (Recommended Action)

The Bureau's investigation and discussions with the complainants failed to reveal any factual evidence to substantiate Allegation 2. On the other hand, the Bureau concludes that Allegation 3 is supported by facts. In light of Allegation 3, it is the Bureau's opinion that the company would benefit from further

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Allegation 4: Optional services including BellSouth's Complete Choice plan is frequently added to the customer's line even after the customer declined the offer.

Condition - (What is happening?)

BellSouth sells many optional services that are not required for basic service. One such service is BellSouth's Complete Choice Plan, which includes over 20 calling features at one price. According to the complainants, BellSouth representatives were told to "offer the Complete Choice plan on every call, and offer it aggressively, overcoming customers' objections in order to sell it." The complainants alleged that cheating by representatives commenced in order to meet sales objectives. Hence, the Complete Choice plan was frequently added to a customer's line without their authorization.

During 1999, the number of Complete Choice sales was a separate component of both the sales and service representatives' report cards. The service representatives were expected to sell from 30 to 50 Complete Choice plans per month, whereas sales representatives were expected to sell about 150 per month. Not only would each Complete Choice sale earn a credit toward meeting the monthly goal, but each sale would also earn dollar credits toward meeting the representative's Total Revenue component of their report cards. On an individual product basis, the Complete Choice plan was assigned the greatest revenue credit amount at \$90. For meeting or exceeding the sales objectives, the representatives can earn various prizes and cash awards ranging from televisions to annual trips for top sales performers. In contrast, failure to meet the sales objectives could result in disciplinary action.

Although Complete Choice is no longer a separate component of the sales and service representatives' report cards for the year 2000, representatives are still trained to proceed directly to recommend BellSouth's Complete Choice plan to the customer and are further trained to overcome objections when the customer voices concerns or does not agree to the sale. For example, in BellSouth's training manual *Selling Products and Services*, 24 pages are dedicated to teaching representatives on how to view objections as opportunities. Some excerpts are:

[REDACTED]

[REDACTED]

[REDACTED]

Although it is company policy to discipline a representative for conducting any fraudulent sales, company policy also allows for discipline in the case of representatives who fail to meet their sales objectives. This may have the unintended effect of encouraging improper sales activities.

Standard - (What should be happening?)

For any new order or change to an existing order that results in the addition of a service, such as Complete Choice, a verification letter is automatically triggered by BellSouth's Customer Instructional Delivery System. The customer verification letter confirms the new order or change to an existing order, such as the addition of Complete Choice. The verification letter presents a chart depicting the quantity, description of service, and monthly rates for the new services ordered. Depending upon the particular services sold, the letter may include instructions and other information, such as how to use the MemoryCall service.

In addition to the verification letter, per the FCC's "Truth-in-Billing Requirements," the customers monthly bill also provides a description and list of charges for each service rendered. This requirement also helps to protect the consumer against unethical sales.

Other recent controls implemented by BellSouth to deter this type of fraudulent sale are implementation of the Did Not Order form and increasing the number of "charge back" days from 60 to 120. A sale will be charged back or removed from the offending representative's sales record and not counted for purposes of attaining sales objectives if a customer cancels an unauthorized or unwanted service within 120 days of the original order.

Although numerous controls exist to reduce the risk of unethical sales, BellSouth could further reduce the risk by reevaluating and setting sales objectives based on what can be reasonably achieved by the company's sales and service representatives.

Conclusion - (Recommended Action)

While the Bureau could not support this allegation with facts,



BellSouth has implemented recent controls since the filing of the complaint that have increased the ability to detect and deter fraudulent sales. Such controls include implementation of the Did Not Order form and increasing the number of chargeback days from 60 to 120 days. However, to further reduce the risk of unethical sales, and as previously recommended, the company would benefit from performing periodic assessments of the dollar level set for sales targets in light of service and sales representatives success in meeting the targets. The sales targets could then be adjusted accordingly.

Allegation 5: MemoryCall is added to a customer's line without the message waiting indicator tone that would alert the customer that something has been added to their line without proper authorization.

Condition - (What is happening?)

MemoryCall is BellSouth's voice mail answering service that provides customers with the ability to retrieve recorded calls without the need for an answering machine. Some of the key features included with the MemoryCall include message retrieval and deletion from any touch-tone phone, answering of multiple calls simultaneously, and message storage.

MemoryCall requires customers to purchase at least one Call Forwarding Service, such as Call Forwarding Don't Answer or Call Forwarding Busy Line. In these examples, calls are forwarded to the MemoryCall mailbox after a certain number of rings or whenever the customer's line is busy. Customers must call into their mailbox to retrieve any new messages or they can purchase a Message Waiting Indicator feature which alerts customers to new messages via a stutter dial tone.

According to the complainants, in efforts to meet sales objectives, representatives were cramming MemoryCall onto a customer's account without the message waiting indicator feature. Since a customer would not be alerted to the fact that MemoryCall was added to the account without the stutter dial-tone, the fraud would not be detected except by the customer's review of their bill.

Standard - (What should be happening?)

For any new order or change to an existing order that resulted in a newly added service, such as MemoryCall, a verification letter is automatically triggered by BellSouth's Customer Instructional Delivery System. The customer verification letter confirms the new order or change to an existing order, such as the addition of MemoryCall. The verification letter provides a chart depicting the quantity, description of service, and monthly rates for the new services ordered. Depending upon the particular services sold, the letter may include instructions and other information, such as how to use the MemoryCall service.

In addition to the verification letter, per the FCC's Truth-in-Billing Requirements, the customers monthly bill also provides a description and list of charges for each service rendered. This requirement is to protect the consumer against any unethical sales.

Other recent controls implemented by BellSouth to deter this type of fraudulent sale are implementation of the Did Not Order form and increasing the number of chargeback days from 60 to 120. A sale will be chargedback or removed from the offending representative's sales record and not counted for purposes of attaining sales objectives if a customer cancels an unauthorized or unwanted service within 120 days of the original order.

Although numerous controls exist to reduce the risk of unethical sales, BellSouth could further reduce the risk of unethical sales by reevaluating and setting sales objectives based on what can be reasonably achieved by the company's sales and service representatives.

Conclusion - (Recommended Action)

While the Bureau of Regulatory Review could not support this allegation with facts.

[REDACTED] Given the complexity of today's telecommunications market, customers are less likely to read the details of their bills or any company correspondence such as a verification letter.

BellSouth has implemented recent controls since the filing of the complaint that have increased the ability to detect and deter fraudulent sales. Such controls include implementation of the Did Not Order form and increasing the number of chargeback days from 60 to 120 days. However, to further reduce the risk of unethical sales, and as previously recommended, [REDACTED]

Allegation 6: Sales representatives are "gated" to take service calls without being told.

Allegation 7: There is no incentive on the part of the sales representative to handle service calls effectively.

Condition - (What is happening?)

Representatives employed in BellSouth's Consumer Services organization are divided into two functions: sales and service. Although the primary function of BellSouth's service representatives is to handle service-related inquiries, such as questions about bills or payment arrangements, often sales representatives are required to handle and resolve service calls. Service-related inquiries are often "gated" or "diverted" directly to a sales representative in efforts to distribute the workload evenly among the service and sales representatives and assist BellSouth in meeting FPSC answer time requirements. Prior to January 2000, sales representatives were gated calls for extended periods, for up to four hours. Beginning in 2000, the excess service calls are diverted throughout BellSouth's entire sales force for shorter periods. According to BellSouth this new process no longer burdens sales representatives with long periods of gating which could reduce their ability to make sales objectives.

A component of a service representative's evaluation is how effectively they handle the customer's problem. This is known as Representative Effectiveness. Sales representatives are not held accountable for Representative Effectiveness, but instead are evaluated on the basis of their sales results. Therefore, less incentive exists to fully satisfy the customer in resolving their service-related inquiry since these calls are less likely to produce revenues toward meeting sales quotas. For example, a customer calling in to make payment arrangements is not likely to provide a viable sales opportunity for the sales representative. Therefore, the sales representative may be tempted to just

transfer the customer back to a service representative rather than promptly handling the customer's problem.

Standard - (What should be happening?)

Via BellSouth's automated calling system, a customer will be routed to either a service or sales representative depending on the customer's selection from a menu of choices. For example, if a customer calls to question a bill, they would be directed to press "2" on the telephone for "billing inquires." In turn, the customer would be routed to a service representative. Similarly, the customer would be routed to a sales representative by pressing "4" for "new service orders." However, on average, over one-third of customer calls to BellSouth's service centers are gated to BellSouth's sales centers. The sales representative is expected to first resolve the customer's service problem and then bridge to a sales presentation of other available BellSouth products or services. Therefore, the representative should be given incentive to both fully handle the service problem and to seek to sell additional products or services.

Conclusion - (Recommended Action)

In the Bureau's opinion, allegation 6 is no longer applicable since BellSouth claims that individual sales representatives are no longer burdened with long periods of being gated. Although sales representatives are still not informed regarding the types of calls they are receiving, diverting has a smaller impact than gating formerly had.

In the Bureau's opinion, allegation 7 was substantiated by facts. BellSouth would benefit from including a Representative Effectiveness evaluation criteria in the sales representative report card to measure the quality of handling service-related calls.

Allegation 8: No disciplinary action is taken against a representative or his/her supervisor when unauthorized products and services are added to a customer's line by the representative.

Condition - (What is happening?)

According to the written complaints filed with the Commission in June 1999, no disciplinary action is taken against a representative or their respective supervisor if the representative is known to have added a product or service to a customer's account without the customer's authorization. The complainants stated, "when a rep and his/her supervisor are confronted with any allegation of malfeasance/misfeasance (adding services to a line without approval or 'forgetting' to remove services from the line at the customer's request), no action whatsoever is taken. The service(s) is removed, the customer is offered an apology and sometimes a credit to the bill, and the case is closed."

Standard - (What should be happening?)

In September 1999, BellSouth implemented the Did Not Order form. The form is to be used when a customer calls in with a complaint that a product or service has been received that was not ordered. The sales or service representative that receives the complaint is responsible for resolving

the complaint (making the appropriate credit adjustment), completing the Did Not Order form, and submitting it to BellSouth's Consumer Services support staff for investigation. The support staff determines the identity of the representative who placed the order that led to the complaint and the facts surrounding the order. If warranted, disciplinary action is taken. Through June 2000, a total of [redacted] Did Not Order forms have been completed and submitted to the Consumer Services support staff.

In addition to the Did Not Order form, disciplinary action is also taken against a representative if a supervisor or BellSouth's state or regional observation teams detect any impropriety during the observation. Also, if a customer cancels an unauthorized or unwanted service within 120 days of the original order, the sale will be chargedback or removed from the offending representative's sales record and not counted for purposes of attaining sales objectives.

As a further control to prevent fraudulent sales, BellSouth would benefit from investigating and holding supervisors accountable if any of their representatives are found to be conducting unethical sales.

Conclusion - (Recommended Action)

[redacted] The form, along with BellSouth's observation teams and chargeback policy, enhanced BellSouth's ability to detect unethical sales. [redacted]

In the Bureau's opinion, BellSouth could further reduce the risk that unethical sales is encouraged by management by holding supervisors accountable for their employees behavior. At a minimum, a supervisor's evaluation could include an element for measuring the number of unethical sales reported by the observation teams and the Did Not Order form. Particularly in instances where more than one representative reporting to the same supervisor is found to have committed violations, this would reduce the possibility that the supervisor encourages or condones unethical practices.

Allegation 9: Sales and service training provided to new and existing representatives is inadequate.

Condition - (What is happening?)

According to the written complainant filed with the Commission in June 1999, "training is, for the most part, inadequate, arriving rather late (our customers are often the ones to tell us about our current promotions), arriving too soon (what good is being trained on something that actually

takes effect six months later?), or non-existent." The complainants further stated that new representatives did not benefit from ethics training provided to the older representatives.

Standard - (What should be happening?)

In June 1999, BellSouth introduced a new training program for new employees called the BEST program. The BEST program is a seven week, computer-interactive and role-playing training program that includes approximately five days of on the job training (i.e, handling calls) with an experienced representative. After release from initial training, new representatives are placed in an incubator group for a period of four weeks. Over this period, the representatives take on the same responsibilities as an experienced representative, but they are continuously monitored and tutored by an assigned supervisor. Upon completion of the BEST program, representatives receive continuous training every 30, 60, 90, and 120 days. After 120 days, all representatives periodically receive targeted training on new products and services throughout their career.

In addition, all employees are required to receive ethics training and sign an ethics statement annually, acknowledging the company's policy. The training includes an ethics handbook and a 90 minute CD-ROM interactive course, where the student listens to the materials presented and answers questions by clicking on the right responses. However, upon the Bureau's examination of the course materials, the Bureau found no course topics related to the ethical treatment of customers in sales situations. At a minimum, the Bureau would have expected to see an example of an opportunity to be fair or unfair to a customer.

Conclusion - (Recommended Action)

In the Bureau's opinion, allegation 9 is no longer applicable since the new initial and continuous training programs implemented in 1999 may have increased the quality and value of training to representatives since the time the complaint was written. According to the company, during the period prior to the complaint, new representatives received eight weeks of classroom training and were then put directly on the job. Continuous training was not as structured as it is today and almost nonexistent. The company stated that representatives received 135 percent more training in 1999 than in 1998 and are on the same course for 2000.

In the Bureau's opinion, BellSouth would benefit from providing follow-up annual ethics training to all employees and managers. The training should specifically include a course on ethical treatment of customers. Upon completion of the training, each employee and manager should be required to review the complete ethics policy and be required to sign an updated ethics statement to be retained in the employee's personnel files.

Allegation 10: Where a deposit is required by company policy, representatives often lowered or waived the deposit as long as the call generates sales.

Allegation 11: Representatives can override a deposit recommendation per the credit bureau to encourage sales.

Condition - (What is happening?)

According to the complainants, "Reps seem to have rather widely-varying deposit policies, ultimately influenced greatly by the kind of revenue the order will generate." In other words, if a new service order is expected to produce significant revenues toward meeting the representative's monthly sales target, the representative might lower the deposit amount or even override a credit bureau deposit recommendation as an incentive to lock in the sale. On the contrary, if the order is not expected to produce significant revenues, the representative may complicate the ordering process. For example, the representative may suggest a higher deposit for new service or request that the customer provide documents showing identification and proof of residence.

Standard - (What should be happening?)

BellSouth's deposit policy is contained in Section A2.4.2 of its General Subscriber Services Tariff (GSST), which permits BellSouth to request a deposit if satisfactory credit is not established. Essentially, the deposit criteria is related to a customer's ability to pay.

Upon receipt of a new service order connection, representatives must determine the customer's credit worthiness. The representative first performs a check to see if the customer has had previous telephone service with BellSouth and if any record of nonpayment within BellSouth's nine-state region. If no previous service was found, the representative performs a credit check via a mechanized interface with a credit bureau (Equifax). Equifax assigns the customer with a credit class and determines the need for a deposit. In either case, the deposit amount is negotiated between the representative and the customer and is based on the customer's credit history and anticipated monthly charges for the new service. The representative may waive the deposit if the customer's credit record is satisfactory.

Conclusion - (Recommended Action)

The Bureau did not find specific justification for these allegations. However, on August 29, 2000, BellSouth instituted a "credit violation" policy. The policy calls for disciplinary action to be taken against any representative who overrides a credit bureau deposit recommendation without proper justification. As a means of tracking the representative's actions, BellSouth added an enhancement to its residential ordering Regional Negotiating System (RNS) system to capture each Equifax deposit recommendation.

In the Bureau of Regulatory Review's opinion, BellSouth could further control the deposit negotiating process by including a monitoring element in the Team Initiatives used by the state and regional observation teams. The teams could observe for accuracy of deposit calculations and note the basis for any deposit waiver.

Allegation 12: Representatives need additional time to complete and/or correct orders, but are not provided sufficient time to do so under current incentives.

Condition - (What is happening?)

In 1998 and 1999, representatives were held accountable for meeting a monthly Average Handling Time target. The Average Handling Time is the total time the representative is on the phone with a customer plus the time associated with completing a transaction once the customer has hung up. For example, the average handling time target for a sales representative in January 2000 was 7.8 minutes. The complainants allege that additional time is often needed beyond the 7.8 minutes to complete or correct an order. Consequently, according to the complainants, the overly restrictive Average Handling Time target creates an incentive for orders to be issued with errors. No disciplinary action was taken against representatives failing to meet the target, but representatives could earn bonus points as part of their appraisal process for meeting the target.

In addition to meeting the Average Handling Time target, BellSouth's representatives are expected to achieve monthly sales targets through sales of BellSouth's individual products and services. The incentive to meet sales targets may discourage representatives from taking additional time to see that a customer's order is completed in full and error-free.

Standard - (What should be happening?)

In light of the average handling time targets, in 1999 and 2000 BellSouth provided each representative up to 58.5 minutes per day to follow-up on orders that could not be completed or corrected while on the telephone with the customer. The 58.5 is comprised of 15 minutes per day of "close key time", plus four percent of total overhead time (approximately 22.5 minutes per representative), plus 21 minutes of acceptable daily deviation (personal time). In 2001, all representatives have up to 73.5 minutes per day to follow-up on orders. The difference is attributed to an increase of 15 minutes of close key time.

In addition to the close key time, as a result of a 1998 internal audit recommendation, BellSouth created a "close key bank" plan in 1999. This plan allows a specified daily block of minutes to be used by designated representatives within each service and sales center to handle orders that could not be completed during individual close key time.

The company also designated two "roadblock" personnel available to handle complex issues, such as researching a past bill problem where access to archived files is needed. When the necessary information is obtained, the roadblock personnel will contact the customer with an answer or solution.

Conclusion - (Recommended Action)

Due to the inherent difficulty in proving why errors are made in an order, the Bureau of Regulatory Review cannot support these allegations in terms of the rush to complete orders. However, the incentive to rush through orders in order to meet average handling time targets and sales quotas may discourage representatives from fully utilizing the additional "Close Key Time" and "Close Key Bank" to see that a customer's order is completed in full and error-free. In the Bureau's opinion, this incentive could be controlled by reassessing the dollar level set for sales targets.

Allegation 13: Service and sales representatives are supposed to follow a call routing matrix outlining what calls to handle but failure to adhere to it, or loosely doing so, results in no negative impact whatsoever.

Condition - (What is happening?)

When answering inbound customer calls, BellSouth representatives are instructed to adhere to a call matrix printout. The purpose of the call matrix is to assist representatives in handling calls more efficiently. A representative can refer to the call matrix to determine the type of call (e.g., billing inquiry, new service connection) and whether or not to handle the call themselves or assign it to a BellSouth service, sales, or collections' representative. For example, per the call matrix, a service representative would be designated as "primary" over a sales representative to handle a customer billing inquiry. Similarly, a sales representative would be designated "primary" to handle a new service order.

According to the complainants, the call matrix is often ignored by both service and sales representatives. Incoming calls that are not believed to generate sales are often transferred back-and-forth from service to sales or from one representative to another until someone is willing to resolve the customer's problem. The complainants argue that representatives are not disciplined for these misdirected calls and further do not suffer any negative impact on their overall performance.

Standard - (What should be happening?)

The call matrix should be used as a practical aid for representatives to use in delineating and prioritizing the various types of incoming customer calls. According to the complainants, representatives are less likely to refer to the call matrix and are more likely to use their own best judgement as to whether or not to handle the call themselves in order to meet their sales objectives. However, according to BellSouth, the call matrix provides guidance beyond situations such as advising sales and service representatives when and when not to handle certain types of calls (e.g., denied service, collection agency inquiries). The company further argues that the call matrix is not mandatory and is to be used merely as a guide to assist representatives in handling calls more efficiently.

The Bureau of Regulatory Review contends that the overall usefulness of the call matrix is suspect because BellSouth diverts incoming calls directly to sales representatives. The sales representatives being diverted are instructed to resolve the customer's problem regardless of the call type and not transfer the call back to a service representative. Since over a third of customer calls were gated directly to sales in 1999, the overall purpose of the call matrix is less effective. In addition, the Bureau questions the practicality of the call matrix, since BellSouth's automated call system is designed to screen and route customer calls directly to either a service or sales representative.

Conclusion - (Recommended Action)

This allegation, while partially substantiated, is no longer applicable. In the Bureau's opinion, BellSouth would benefit from re-evaluating the usefulness and practicality of the call matrix used by customer service and sales representatives.

Allegation 14: Representatives change a dwelling that is already entered into BellSouth's database with its own location to an additional line for the purpose of generating additional revenue towards the high sales quota.

Condition - (What is happening?)

The complainants take issue with BellSouth's policy concerning telephone service at a single family residence that may have been subdivided into a multi-tenant dwelling. Sometimes a room (or rooms) in a single-family residence may be rented to or occupied by another tenant. When the tenant contacts BellSouth to place an order for basic service, BellSouth procedures require the representative to submit the order as an additional line to the primary residence as opposed to establishing the service as a separate primary line. The additional line rate is tariffed higher than a primary line and also provides a greater dollar credit toward meeting the representatives monthly sales objective. Also, the additional line subjects the tenant to higher FCC access rates and may further cause delays to E911 response vehicles since the address on the tenant's bill is that of the primary residence.

Standard - (What should be happening?)

Although filling the order as an additional line to the primary residence results in higher rates to the tenant and further provides a higher benefit towards meeting the representatives' sales objectives, BellSouth's procedures comply with FCC orders. According to Order No. 99-28, released on March 10, 1999, "one line per house will receive primary-line rates." The order further notes that "LECs can implement this definition based on their service records." Any other residential line is considered nonprimary or additional and, therefore, subject to the higher rate.

Conclusion - (Recommended Action)

In the Bureau's opinion, this allegation is not supported by facts. Since BellSouth's procedures for handling multi-tenant dwellings is based on the FCC order, the handling of this situation appears to be appropriate.

Allegation 15: Multiple pagers and cellular phones are sent to customers who did not request them in order to inflate sales totals of unscrupulous representatives.

Condition - (What is happening?)

Prior to December 1999, BellSouth representatives were held accountable for meeting monthly objectives for sales of pagers to customers. Representatives are still held accountable for meeting monthly objectives for sales of cellular phones to customers. Service representatives are expected to sell about five cellular phones per 1,000 calls handled. Sales representatives are expected to sell about 16 cellular phones per 1,000 calls handled. To meet these objectives and those that were set for pager sales, the complainants allege that representatives sent pagers and cellular phones (in some cases multiple units) to customers who did not request them. If the customer did not authorize the sale or returned the extra pagers and cellular phones, the representative would not lose credit for the original sale.

Standard - (What should be happening?)

In 1999, BellSouth implemented a chargeback policy for pagers and cellular phones. In this case, the offending representative who sent the unauthorized pagers or cellular phones would lose credit toward attaining their sales objectives. A sale can be chargedback to a representative's sales record up to 120 days from the original order date.

In addition, implementation of BellSouth's Did Not Order form further discourages placement of unauthorized orders. Through the Did Not Order form, the offending representative is identified, loses credit for the sale, and is subject to disciplinary action.

Conclusion - (Recommended Action)

However, it appears that BellSouth has implemented adequate controls to deter fraudulent sales of telephone equipment (i.e., pagers and cellular phones). Presently, the Bureau believes no further action is needed.

Allegation 16: New connect service orders cannot be traced once they are canceled. Representatives will cancel an order that does not generate sales instead of generating the unprofitable order or holding it for deposit.

Condition - (What is happening?)

According to the complainants, representatives often canceled new service orders for those customers who request only basic service. Since the sale of basic service produces lower revenues toward meeting sales goals (both Total Revenue and RPLN), and new connect service orders cannot be traced once they are canceled, representatives are not as motivated to generate orders for basic service. The representative may further complicate the order-taking process to discourage the customer from acquiring basic service. For example, the representative might tell the customer that their address does not appear in the system, or the system is down, or the deposit for new service is high. In each instance, the representative is attempting to shorten the ordering process in efforts to move on to the next call, which may produce significant revenues. Upon completion of the call, the representative will simply cancel the order as opposed to holding the order for deposit or generating it for processing. When the customer calls BellSouth back several days later to check on the status of the new service connection, there is no trace of the original order in BellSouth's ordering system (RNS), although the customer had been initially assigned a telephone number.

Standard - (What should be happening?)

BellSouth expects and requires its representatives to determine whether a customer is interested in additional products or services on top of basic service. If the customer declines the additional offerings, representatives are required to complete the new order for basic service. However, because the sale of basic service to a customer results in lower revenues towards meeting monthly sales goals, the representative is inclined to discourage or simply reject this type of sale. Since BellSouth's RNS system does not systematically track cancellations of new service orders, the Bureau was unable to determine the severity of this problem. However, BellSouth would benefit

from implementing controls to monitor and further reduce the risk of new orders being intentionally canceled.

Conclusion - (Recommended Action)

The Bureau of Regulatory Review could not substantiate this allegation. However, in the Bureau's opinion, BellSouth would benefit by separately tracking the number of customer call backs denoting a new service order that was not processed or lost by BellSouth.

7.0 Conclusions

After reviewing BellSouth's sales methods and practices, the Commission's Bureau of Regulatory Review assessed the company's controls and policies as they relate to each objective identified in Chapter 1, Section 1.1. Below are the Bureau's conclusions as they pertain each objective.

7.1 BellSouth's Sales Channels and Methods of Operations

As part of BellSouth's preparation for local competition, the company structured its customer service organization to emphasize sales of vertical services (e.g., call forward and caller ID) and nonregulated products and services (e.g., cellular and Internet services). To do this, BellSouth split the organization into two separate operations, customer sales and customer service. Customer sales is responsible for generating revenue through sales of all basic network (POTS) and vertical services as well as nonregulated products and service. Customer services is primarily responsible for resolving service-related inquiries from existing customers, such as bill inquiries and making payment arrangements.

Representatives in sales are evaluated on different criteria and are expected to meet higher monthly sales objectives. The sales objectives are stated in monthly revenue dollars and are achieved by each representative through the sale of BellSouth's products and services. To meet the monthly sales objectives, the representatives earn assigned dollar credits for the sale of BellSouth's individual products or services and package of services. For example, the sale of BellSouth's Complete Choice plan earns the representative \$90 of revenue credit toward meeting the representatives' monthly sales objectives.

Given the current incentives, the Bureau is concerned with the dollar level set for sales objectives. The Bureau examined over 8,000 representatives' appraisal forms to determine how successful representatives are in meeting their sales objectives. Results showed that over the period January 1999 through July 2000, [REDACTED] of BellSouth's representatives failed to meet their monthly objectives. [REDACTED]

7.2 BellSouth's Policies, Procedures, and Internal Controls

To encourage sales, BellSouth offers its sales and service representatives incentives ranging from gift certificates to vacation trips for top sales performers who meet or exceed sales objectives. On the other hand, representatives are subject to disciplinary action for failing to meet their objectives. While this incentive program could have the unintended effect of encouraging improper

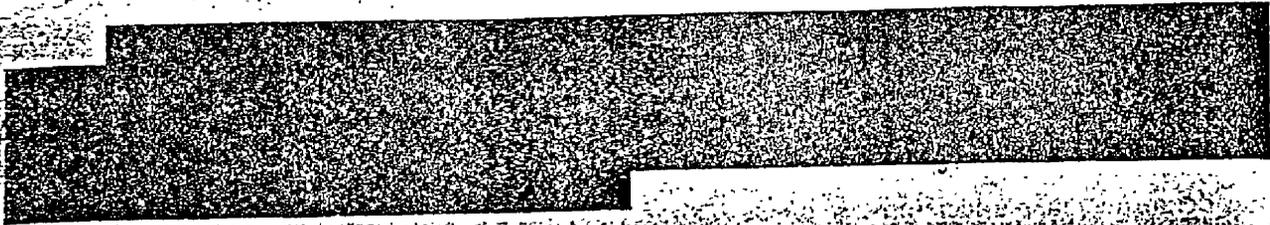
sales activity, BellSouth uses internal controls to detect and deter fraudulent sales. These controls include: itemized billing, sales verification letters, internal audits, and customer service and sales monitoring.

Controls recently implemented by BellSouth include new and improved training for representatives, implementation of the "Did Not Order" form in late 1999 and implementation of the "charge-back" and "credit-violation" policies in 1999 and 2000. Representatives who are identified as performing fraudulent sales are subject to disciplinary action and possible termination. The "Did Not Order" form resulted in numerous terminations and resignations by BellSouth employees in the past year.

Despite existing and recent controls, the Bureau believes BellSouth should consider taking the following actions to enhance deterrence and detection of fraudulent sales:

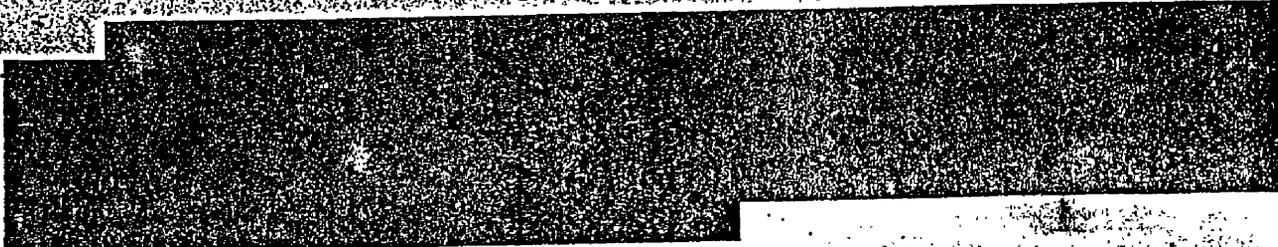
- ◆ Require customer service and sales representatives to disclose basic service options prior to offering any other calling plans, such as Complete Choice.
- ◆ Include an element in the state and regional observation teams' monitoring checklists to specifically observe whether representatives are disclosing basic service options prior to offering any other calling plans, such as Complete Choice.
- ◆ 
- ◆ Include a Representative Effectiveness evaluation criteria in the sales representative report card to measure the quality of handling service-related calls.
- ◆ Investigate unethical sales conducted by representatives and, if applicable, hold supervisors accountable.
- ◆ Prescribe a number of monthly or quarterly evaluative customer contacts to be monitored by supervisors to effectively assess each representative's performance.
- ◆ Provide follow-up annual ethics training to all employees and managers. The training should specifically include a course on ethical treatment of customers.
- ◆ Include an element in the state and regional monitoring teams's checklist to observe the accuracy of deposit calculations and note the basis for any deposit waiver.
- ◆ Re-evaluate the practicality of the call matrix used by customer service and sales representatives to delineate and prioritize the various types of incoming customer calls.
- ◆ Separately track the number of customer call backs denoting a new service order that was not processed or lost by BellSouth.

7.3 BellSouth's Compliance with FPSC Rules



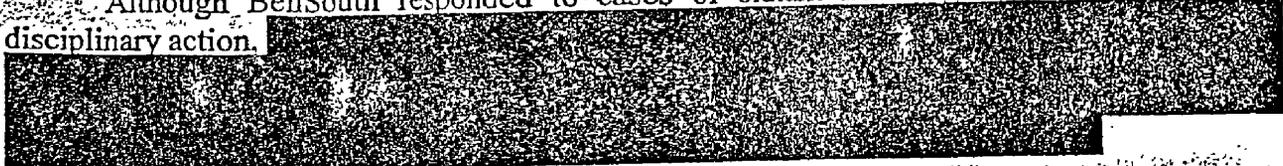
Based on BellSouth's interpretation of FPSC Rule 25-4.107, the company's marketing practices are not in technical violation of the rule. However, the Bureau notes that the spirit of the rule regarding the disclosure of the customer's least cost option is not fulfilled under BellSouth's current practice. According to rule, "At the time of initial contact, each local exchange company shall advise the person applying for or inquiring about residential or single line business service of the rate for the least expensive one party basic local exchange telephone service available to him unless he requests specific equipment or services." BellSouth's practice is to disclose the option and rate of basic local service at some time during the call. BellSouth representatives are trained to ask for the customer's decision regarding the Complete Choice package before describing alternative choices, such as POTS flat rate or measured rate service.

The Bureau agrees with the company that the rule does not state specifically when during the initial contact with the customer the company should disclose basic service. BellSouth asserts that the company is in compliance with the rule as long as basic service is disclosed at some point during customer contact. Although BellSouth may be complying with the rule, the Bureau believes the company should offer all alternatives before the customer is asked to make a decision. The spirit of the rule is to give the customer choices. It is possible that a rule change may need to be considered to provide specific guidance to local exchange companies.



7.4 BellSouth's Fair and Ethical Treatment of Customers

Although BellSouth responded to cases of blatant fraud against the customer with disciplinary action,



The Complete Choice plan includes basic service plus 20 calling features for about \$30 a month. When answering a sales call, representatives are trained to proceed directly to recommend the plan. The customer is put into a position to make a decision before the representative discloses BellSouth's basic service options. Hence, the customer often selects the Complete Choice option before even being told that they can purchase basic service separately for about \$10.81 a month. There is an inherent conflict between BellSouth's dual goals of identifying and meeting customers needs and maximizing revenues. Although the buyer must take responsibility for making appropriate purchasing decisions.

At a minimum, whenever a customer calls to initiate service, the Bureau believes a better practice would be for the representative to first recommend one of BellSouth's basic local service offerings (i.e., IFR and IMR) and immediately disclose the price for the particular offering. The representative could then explain to the customer that there are other service packages (e.g. Complete Choice) at different rates which can be described if the customer is interested.

S.O COMPANY COMMENTS

This chapter contains the company's comments in response to the audit report. These comments are included verbatim.

Legal Department

NANCY B. WHITE
General Counsel - Florida

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(305) 347-5558

April 26, 2001

Ms. Lisa Harvey, Chief
Bureau of Regulatory Review
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Sales Audit Report

Dear Ms. Harvey:

Attached please find BellSouth's detailed response to the Bureau of Regulatory Review's audit of BellSouth Telecommunications' Sales Methods and Practices. We are pleased that the audit concluded that BellSouth is in compliance with the Commission rules relevant to these methods and practices.

We appreciate the hard work and professional courtesy shown us by your staff. This was an unusual and difficult audit for your staff to undertake. It required them to not only conduct their normal audit practices, but to understand the subtleties and the complexity of managing, training and motivating a large work force to be an effective ethical sales and marketing unit in a complex and rapidly changing competitive market. BellSouth employees are immersed in the details of our operations on a

daily basis. The Staff has different background and experience. It is not surprising, therefore, that BellSouth and Staff should view the same information from different perspectives.

BellSouth further notes that the audit team has made recommendations related to possible enhancements of BellSouth's procedures. BellSouth has, therefore, asked the senior leadership team of our consumer organization to use both your recommendations and our response as a management tool in evaluating changes we might consider to various aspects of our operation in the coming year.

Given the competitive nature of the material covered in the audit, we will be providing you under separate cover, those sections of the audit and our specific comments we believe to be proprietary.

Yours truly,

Nancy B. White

Specific Comments

BellSouth's Specific Comments are structured to address chapters of the audit and the subsections therein.

Chapter 3: Sales Process

Section 3.3.1: Sales Representatives' Report Cards

The Bureau of Regulatory Review reviewed over 4,242 report cards for the period January through December 1999 and found that [REDACTED] of the scores were less than satisfactory. It should be noted that as stated in Section 3.3.3 of the audit report, during the January to December 1999 time frame, all appraisals were rated "insufficient" and, therefore, the less than satisfactory scores were re-rated.

Section 3.3.2: Service Representative' Report Cards.

The Bureau of Regulatory Review reviewed over 3,990 report cards for the period January through December 1999 and found that [REDACTED] of the scores were less than satisfactory. It should be noted that as stated in Section 3.3.3 of the audit report, during the January to December 1999 time frame, all appraisals were rated "insufficient" and, therefore, the less than satisfactory scores were re-rated.

Chapter 6: Analysis of Complaint Allegations

Allegation 1: BellSouth's Complete Choice plan is misrepresented as a class of service. The wording and phrases used by some representatives mislead the customer into believing they will be limited to 30 calls unless they choose the Complete Choice plan.

The Bureau of Regulatory Review concludes that this allegation is supported by facts because BellSouth discloses basic local service options and rates at the end of the call, rather than at the beginning. In response, BellSouth states that it complies with rule 25-4.107, Florida Administrative Code, which provides:

.. At the time of initial contact, each local exchange telecommunications company shall advise the person applying for or inquiring about residential or single line business service of the rate for the least expensive one party basic local exchange telephone service available to him unless he requests specific equipment or services.

The Bureau of Regulatory Review agrees with BellSouth that the rule does not set a requirement for when during the initial contact with the customer the company must disclose basic service. BellSouth adheres to the Commission's disclosure requirements that include quoting least expensive service (1MR or 1FR), and advising of optional services. As agreed by the Bureau of Regulatory Review, BellSouth's marketing practices are not in violation of the rule. BellSouth's State Observing Team monitors for compliance to the Disclosure Guidelines. In addition, there is no evidence to suggest that the timing of the disclosure causes or does not cause confusion.

The Bureau of Regulatory Review participated in two half-day monitoring sessions of Sales and Service Representatives. The observations heard were in compliance with Commission rules and BellSouth guidelines. Customers were informed of their options to select a 1MR or 1FR, and representatives disclosed that the Complete Choice plan included their basic line charge which allows unlimited use of service. In fact, the Bureau of Regulatory Review admits that in 15 out of the 16 new service calls that were observed, BellSouth complied with the Commission rule by disclosing the availability of basic service, albeit at the end of the call. It is BellSouth's understanding that in the one remaining call, the disclosure took place at some time other than at the end of the call. Therefore, in all contacts observed, BellSouth complied with Rule 25-4.107, Florida Administrative Code, and the Bureau of Regulatory Review agrees.

The Bureau of Regulatory Review concludes that BellSouth is capitalizing on confusion among customers who do not understand their options and that BellSouth's sales techniques make full disclosure about the availability of basic service secondary to the Company's efforts to sell its ancillary products and services. There is no evidence in the report to substantiate this claim. The Bureau of Regulatory Review makes the assumption that some customers confuse BellSouth's Complete Choice plan with the 1FR or 1MR plan. However, during the observing sessions, BellSouth believes that the the Bureau of Regulatory Review heard customers making intelligent purchasing decisions, not customer confusion. In fact, all options were clearly presented to the customer as the representative progressed through the order.

BellSouth has received no complaints as to customers being confused regarding our service offerings or evidence that customers were actually confused.

BellSouth does not believe this allegation is supported by facts and that the Bureau of Regulatory Review's conclusion is an opinion based on limited information obtained from complaint letters and limited observations. As agreed by the Bureau of Regulatory Review, BellSouth is not in violation of Rule 25-4.107, Florida Administrative Code. The rule does not specify a certain time during the initial contact with the customer when the company should disclose the least expensive service. The Bureau of Regulatory Review's recommendation of requiring the disclosure of basic local service upfront would require a change in the current Commission rule. Additionally,

2001, the offer rate for sales is 32.5% and 18.5% for service. To be successful, Representatives need to offer. Very few representatives even try.

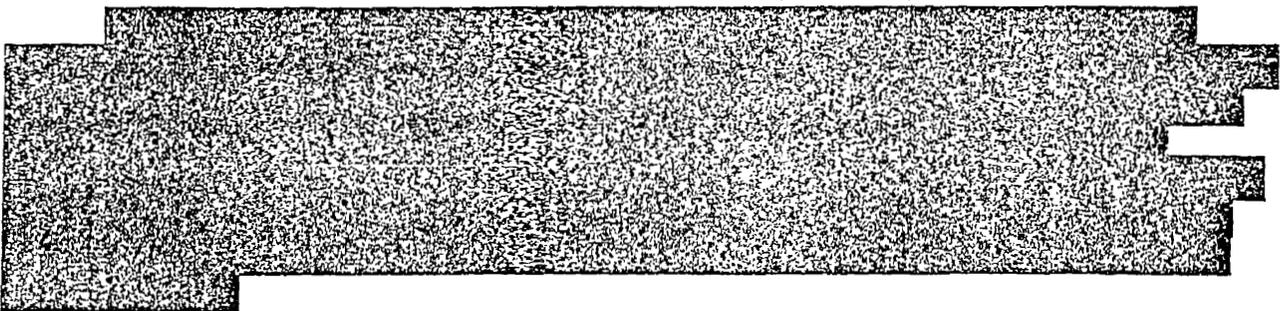

the Bureau of Regulatory Review did not perform any study to determine if BellSouth's sales quotas are comparable to that of other companies, telecommunications or otherwise.

BellSouth has received no complaints regarding the unfair treatment of customers relating to its business marketing practices. In an environment in which BellSouth is held to higher standards than its competitors, BellSouth must be aggressive in selling its products and services in order to retain its customers. Additionally, as long as BellSouth continues to have the appropriate controls in place to deter deceptive marketing practices, the Bureau of Regulatory Review should not be concerned with the sales quotas placed on representatives.

BellSouth works very hard to put customers first and provide service in the most efficient manner. BellSouth treats its customers and its employees fairly and ethically and finds no evidence in the report to the contrary. BellSouth believes the Bureau of Regulatory Review's conclusion regarding sales quotas are not substantiated by facts. Furthermore, BellSouth believes that the Bureau of Regulatory Review has overstepped its jurisdiction on this matter.

Allegation 4: Optional services including BellSouth's Complete Choice plan is frequently added to the customer's line even after the customer declined the offer.

Allegation 5: Memory Call is added to a customer's line without the message waiting indicator tone that would alert the customer that something has been added to their line without proper authorization.



BellSouth has implemented many controls to ensure customers are fully aware of their purchase. What is in evidence, but not included in the Bureau of Regulatory Review's discussion, is that BellSouth has also maintained these extensive controls to deter, detect, and discipline unethical behavior since 1992. These controls are the counter balance to any inclination to act inappropriately. It should also be noted that,

contrary to the Bureau's assertion that the increase in the number of charge back days from 60 to 120 is a recent control, it has been in place since 1997.

While BellSouth may still be the dominant provider of local service in the market, as stated in the Commission's December 2000 report *Competition in Telecommunications Markets in Florida*, Florida has experienced tremendous gains in local competition. BellSouth makes every effort to educate its employees regarding the appropriate disclosures and makes every effort to ensure its customers are fully aware of all BellSouth products and services. In a competitive environment however, some responsibility must be placed on the consumer.

Allegation 6: Sales representatives are "gated" to take service calls without being told.

Allegation 7: There is no incentive on the part of the Sales representative to handle Service calls effectively.

BellSouth would like to clarify that, while the BellSouth Consumer Services organization is divided into two functions: Sales and Service, there is one pay scale and one job description. The report states that sales representatives are evaluated on the basis of their sales results and not held accountable for representative effectiveness. The Bureau of Regulatory Review claims there is less incentive on the part of the sales representative to satisfy the customer in resolving their service related inquiry since these calls are less likely to produce revenues toward meeting Sales quotas. BellSouth disagrees with this statement and finds no evidence in the draft report to substantiate this statement. Sales Representatives receive credit toward their sales quota when selling to a customer who calls for a "service related" issue.

Service calls often offer an opportunity to provide customers with more information than new order calls. Utilizing existing customer information, any representative can make product recommendations. Customers call for a myriad of reasons. The nature of the call is not an indication as to whether the customer may or may not benefit from a product BellSouth offers.

While BellSouth sees no facts to substantiate this allegation in the report, BellSouth has included representative effectiveness evaluation criteria in the Sales Representative report card to measure the quality of handling service-related calls in 2001.

Allegation 8: No disciplinary action is taken against a representative or his/her supervisor when unauthorized products and services are added to a customer's line by the representative.

The Bureau of Regulatory Review concludes that this allegation is supported by facts on the basis that BellSouth did not have controls in place to provide disciplinary action until implementation of the Did Not Order form. This is completely incorrect. As described in detail in the general comments, BellSouth had adequate controls in place prior to the implementation of the Did Not Order form. Prior to the implementation of the Did Not Order form, representatives advised their supervisor of such calls from customers and the individual supervisor took appropriate action. Implementation of the Did Not Order form merely formalized the process and made it more efficient and easier to track. While BellSouth strongly disagrees with the Bureau of Regulatory Review's conclusion and believes its controls are appropriate, BellSouth will take under advisement the Bureau of Regulatory Review's opinion regarding holding supervisors accountable if representatives are found to be conducting unethical sales.

Allegation 9: Sales and Service training provided to new and existing representatives is inadequate.

Even though the Bureau of Regulatory Review states that Allegation 9 is no longer applicable, BellSouth will implement through its Customer Care training in 2001 a course on the ethical treatment of customers. BellSouth would also like to point out that yearly coverage of the sales and service representatives on "A Commitment to our Personal Responsibility" takes place.

Allegation 10: Where a deposit is required by company policy, representatives often lowered or waived the deposit as long as the call generates sales.

Allegation 11: Representatives can override a deposit recommendation per the Credit Bureau to encourage sales.

Even though the Bureau of Regulatory Review did not find specific justification for these allegations, the Bureau of Regulatory Review recommended that BellSouth could further control the deposit negotiating process by including a monitoring element in the team initiatives used by the state and regional observation teams.

BellSouth will enhance its procedures in place for the State Observing Team. BellSouth will incorporate its current Deposit Policy Guidelines in the State monitoring team's checklist.

Allegation 12: Representatives need additional time to complete and/or correct orders, but are not provided sufficient time to do so under current incentives.

[REDACTED]

Allegation 13: Service and Sales representatives are supposed to follow a call routing matrix outlining what calls to handle but failure to adhere to it, or loosely doing so, results in no? negative impact whatsoever.

The Bureau of Regulatory Review concludes that BellSouth would benefit from re-evaluating the usefulness and practicality of the call matrix used by its representatives. The Bureau of Regulatory Review claims that the overall purpose of the call matrix is ineffective because BellSouth sometimes diverts service calls to sales and instructs them not to transfer the call back to service. While this is a correct statement, the call matrix is merely a guide to assist representatives in handling calls more efficiently.

Furthermore, BellSouth would point out that when representatives transfer customer calls inappropriately and when the activity is considered arbitrary and repetitive, action is taken. This behavior may constitute "abuse to the customer" and representatives are subject to disciplinary action up to and including termination.

Service calls diverted to Sales may not be transferred back to Service. The call will come back to Sales and more often than not, to the same Sales Representative initiating the transfer.

Allegation 14: Representatives change a dwelling that is already entered into BellSouth's database with its own location to an additional line for the purpose of generating additional revenue towards the high sales quota.

The Bureau states that BellSouth's procedures are appropriate and BellSouth agrees.

Allegation 15: Multiple pagers and cellular phones are sent to customers who did not request them in order to inflate sales totals of unscrupulous representatives.

Allegation 16: New connect service orders cannot be traced once they are canceled. Representatives will cancel an order that does not generate sales instead of generating the unprofitable order or holding it for deposit.

BellSouth disagrees with this allegation and the recommended action suggested by the Bureau of Regulatory Review. While the Bureau of Regulatory Review could not substantiate this allegation with facts, they did suggest an area for improvement.

The Bureau of Regulatory Review suggested that BellSouth would benefit by separately tracking the number of customer callbacks denoting a new service order that was not processed or lost by BellSouth. The suggested recommendation would be extremely burdensome to Consumer Services since it would be a manual process. While the Bureau of Regulatory Review states that BellSouth's RNS system does not systematically track cancellations of new service orders, if a customer calls and has their telephone number, the order can be backtracked through the BOCRIS Security Tracking System. BellSouth believes there are adequate controls in place to determine if new connect service orders are being improperly canceled and if representatives are acting inappropriately.

In addition, BellSouth's State Observing Team conducted a total of 13,500 observations during 1999 and 2000 and found no complaints of this nature. The Observing Team follows every observed call through to completion, including verifying that the order has been issued and sent to other departments as well as if the order has been placed on hold. Since the Observing Team uses Autoquality to perform its observations, there is a 2 - 3 day lapse. Therefore, if the order were not issued, it would be found.

Chapter 7: Conclusions

Section 7.1: BellSouth's Sales Channels and Methods of Operations

The Bureau of Regulatory Review states that it is concerned with the dollar level set for sales objectives. The Bureau of Regulatory Review has presented no evidence to determine whether BellSouth's sales objectives are excessive, just right, or not high enough. No comparison of sales objectives between BellSouth and other companies, telecommunications or otherwise, were performed.

Section 7.2: BellSouth's Policies, Procedures, and Internal Controls

The Bureau listed ten actions that it suggested BellSouth consider taking to enhance deterrence and detection of fraudulent sales. These actions are listed below with BellSouth's response.

1. Bureau of Regulatory Review Suggested Action: Require customer Service and Sales Representatives to disclose basic service options prior to offering any calling plans, such as Complete Choice.

BellSouth's Response: BellSouth is in compliance with Rule 25-4.107, Florida Administrative Code. No further action is warranted or needed.

2. Bureau of Regulatory Review Suggested Action: Include an element in the State and Regional Observation Teams monitoring checklists to specifically observe whether representatives are disclosing basic service options prior to offering any other calling plans, such as Complete Choice.

BellSouth's Response: BellSouth's State Observing Team monitors for compliance with disclosure statements and publishes reports. The timing of the disclosure raised here is not required by the Commission rules.

3. Bureau of Regulatory Review Suggested Action:

BellSouth's Response:

4. Bureau of Regulatory Review Suggested Action: Include a representative effectiveness evaluation criteria in the Sales representative report card to measure the quality of handling service-related calls.

BellSouth's Response: A representative effectiveness evaluation criteria has been included in 2001 appraisals.

5. Bureau of Regulatory Review Suggested Action: Investigate unethical sales conducted by representatives and, if applicable, hold supervisors accountable.

BellSouth's Response: BellSouth investigates each allegation of unethical sales of which it is made aware. BellSouth will take under advisement the issue of supervisor accountability.

6. Bureau of Regulatory Review Suggested Action: Prescribe a number of monthly or quarterly evaluative customer contacts to be monitored by supervisors to effectively assess each representative's performance.

BellSouth's Action: A specific number of monitored customer contacts by supervisors of each representative was implemented in 2001.

7. **Bureau of Regulatory Review Conclusion:** Provide follow-up annual ethics training to all employees and managers. The training should specifically include a course on ethical treatment of customers.

BellSouth's Action: BellSouth will incorporate a course on the ethical treatment of customers into its 2001 customer care training.

8. **Bureau of Regulatory Review Suggested Action:** Include an element in the State and Regional monitoring team's checklist to observe the accuracy of deposit calculations and note the basis for any deposit waiver.

BellSouth's Action: BellSouth will incorporate its current Deposit Policy Guidelines in the State observing team's checklist.

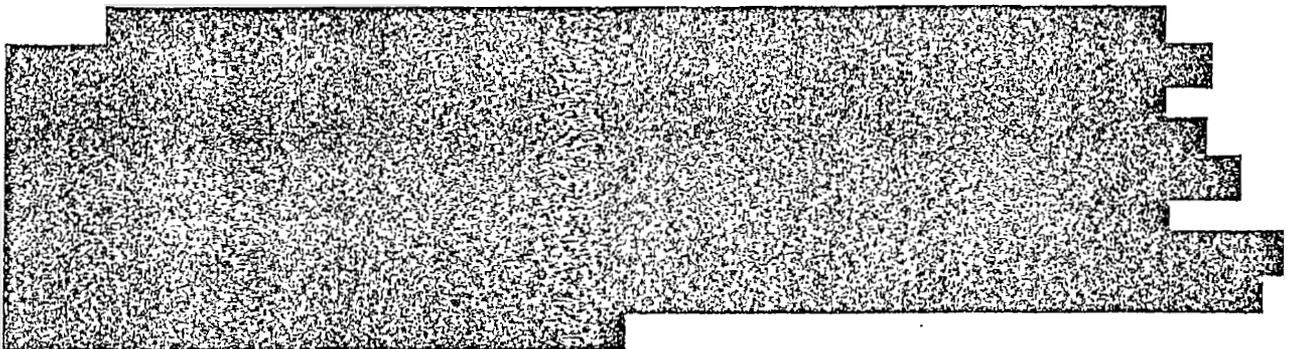
9. **Bureau of Regulatory Review Suggested Action:** Re-evaluate the practicality of the call matrix used by customer service and Sales representatives to delineate and prioritize the various types of incoming customer calls.

BellSouth's Action: The Call Matrix is continually reviewed.

10. **Bureau of Regulatory Review Suggested Action:** Separately track the number of customer callbacks denoting a new service order that was not processed or lost by BellSouth.

BellSouth's Action: BellSouth believes there are adequate controls in place.

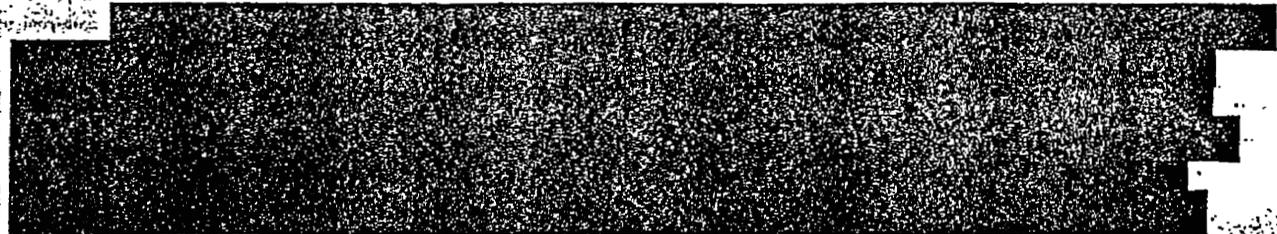
7.3: Compliance with FPSC Rules



BellSouth did not relax or discontinue any of its internal controls, compliance practices, or policies regarding sales marketing practices subsequent to the expiration of the Review Program of the 1992 Settlement Agreement. BellSouth put in place and continues to have in place numerous procedures to detect and prevent improper sales conduct, and monitor, identify and discipline any representative who acts improperly. BellSouth regularly reviews these procedures to determine whether additional controls are necessary or warranted. BellSouth's controls include:

1. Detailed training regarding the manner in which BellSouth's products are to be offered and sold.
2. An Observation process by which regional observation teams from BellSouth Headquarters and state and local observation teams observe representatives on a daily basis as they interact with customers.
3. A Charge Back Policy, where a sale from the offending representative's sales record is not counted for purposes of attaining sales objectives if a customer cancels an unauthorized or unwanted service within 120 days of the original order.
4. BellSouth's disciplinary process – when a complaint is received or BellSouth detects any impropriety, discipline up to and including termination of the offending representative can result.
5. Ethics training to all new representatives, and continued ethics training to existing representatives to ensure quality and ethical behavior. BellSouth also requires all service and sales representatives to be covered with the "Personal Responsibility" package.
6. Several ethics hot lines that employees may use to report questionable or unethical conduct.
7. Notification letters that are sent directly to each customer whenever an order is placed for a regulated service, explaining the ordered service.
8. Itemized bills that are sent monthly to all customers in Florida that clearly disclose each service the customer is receiving and the cost of each service.
9. Notices that are regularly sent to all customers advising them to review their bills to ensure the bills accurately reflect the services they have ordered.

10. Written reminders from BellSouth's State President - Florida that BellSouth expects employees to act in an ethical manner.
11. Establishment of a compliance group headed by an officer.
12. In October 1999, the "Did Not Order" forms were initiated to streamline detection of abuse. BellSouth issues a management memo every three months to remind employees that completion of the form is mandatory.
13. In August 2000, the "credit violation" policy was initiated which requires disciplinary action to be taken against any representative who overrides a credit bureau deposit recommendation without proper justification.



While BellSouth continually evaluates, updates, and implements new processes and procedures to ensure deceptive marketing practices do not occur, BellSouth, like any service sales-oriented business, experiences the occasional representative who requires counseling, termination, or decides to resign due to disciplinary problems, such as deceptive marketing practices.

STATE OF FLORIDA

Commissioners:
E. LEON JACOBS, JR., CHAIRMAN
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI



DIVISION OF REGULATORY OVERSIGHT
DANIEL M. HOPPE, DIRECTOR
(850) 413-6480

Public Service Commission

May 3, 2001

Ms. Sandra Padron
P.O. Box 140812
Coral Gables, FL 33114-0812

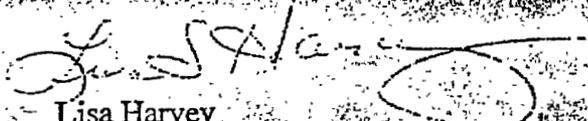
Dear Ms. Padron:

Please find enclosed a copy of the Bureau of Regulatory Review's audit report entitled *BellSouth Telecommunications, Inc. Sales methods and Practices*. The purpose of the Commission's review was to investigate and assess the allegations raised in both of the complaint letters received by the Commission's Division of Consumer Affairs in 1999.

Staff performed an in depth analysis of BellSouth's sales practices including the allegations raised in the letters. The report presents staff's recommended improvements to further ensure the fair treatment of BellSouth's customers. As you will note, BellSouth has requested confidential treatment of various passages of the report in accordance with Chapter 25-22.006(3) Florida Administrative Code. These passages are blacked out in the final report.

We sincerely hope that this report addresses your concerns.

Sincerely,


Lisa Harvey
Chief, Bureau of Regulatory Review

LSH/JMH/bjm

cc: Bev DeMello, Director, Division of Consumer Affairs
Carl Vinson
Jerry Hallenstein

MARCH 1ST, 2001
TANTALIZING THURSDAY

WHY NOT SECURE A STRONG 1ST QUARTER?
WE HAVE GREAT PROMOTIONS THIS MONTH!
GET READY TO WIN LOTS OF \$\$\$\$ & SURPASS
YOUR SALES OBJECTIVES!!

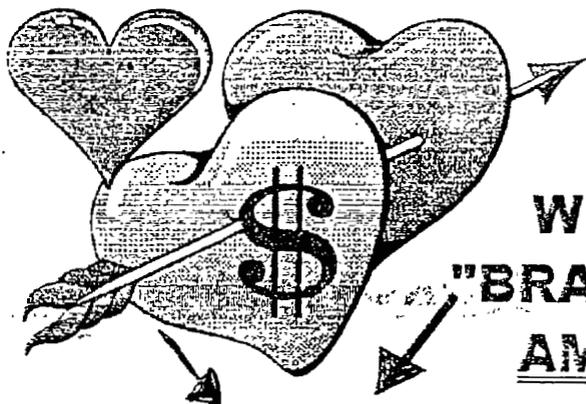
1. **\$4,000 TOT. REV. & 1 CELL \$10**
OR
2. **\$3,000 TOT. REV. & 1 CELL \$5**
3. **15 CCH \$5**
4. **\$1,500 C-ORDER \$5**

\$5 FOR EACH ADSL!!!! (**\$130 SALES CREDIT**)

DO YOU HAVE A COMPUTER??
UNLIMITED INTERNET FOR \$12.95
IF YOU HAVE CCH. DO YOU HAVE A
A CINGULAR CELL? FOR ONLY \$4.45
OFFER WWMB/BVM!

HOW ABOUT CPE?? GREAT
CELLULAR PROMO! & WHY
NOT PRE SELL T-900'S ???





WAYS TO WIN
IN FEBRUARY



WE CONTINUE WITH THE
"BRAVO" POINTS (\$\$\$) IN YOUR
AMERICAN EXPRESS CARD!!!

WIN \$200 WHEN YOU SELL \$42,200 TOT. REV.

WIN \$150 WHEN YOU SELL 190 & UP CCH OR...

WIN \$100 WHEN YOU SELL 180-189 CCH OR...

WIN \$50 WHEN YOU SELL 170-179 CCH

BONUS: WIN AN ADDITIONAL \$150 IF YOU SELL
\$39,000 & RPLN OF \$215

Wow!!!

*REMEMBER
20%
CHURN*

WIN \$25 WHEN YOU SELL 17 + CELLULARS

WIN \$50 WHEN YOU SELL 12 + WWMB

OTHER PRIZES... SELL 10 WWMP & 50 EMP BY
3RD WEEK & WIN \$50 WALLMART GIFT CERT.

"FASTACCESS" - \$5 FOR EVERY SALE & \$5 FOR
EVERY INSTALL

\$10.00

CINGULAR... WILL BE AWARDING T-SHIRTS,
KNAPSACKS & GOLF SHIRTS... THE MORE
WIRELESS YOU SELL, THE MORE YOU WIN!!

SELL AREA PLUS, PROVIDE GREAT CSR SERVICE,
SAVE SERVICES & ALSO WIN BIG \$\$\$\$

DIC R 110 L C

OVER \$1,000 TO BE WON!

UNBELIEVABLE!



5 Ways to Win in February!

cingular
WIRELESS

Be proud to be Cingular!!

Reach your wireless objective and win! HQ will award the following prizes for February wireless sales:

<u>Sales - Sell</u>	<u>Service - Sell</u>
8 net wireless sales	4 net wireless sales
10 net wireless sales	5 net wireless sales
12 net wireless sales	6 net wireless sales



And Win...
 a long-sleeved Cingular t-shirt!
 a Cingular knapsack!
 a Cingular golf shirt!

The wireless team will also pay \$15 in Bravo points to all reps who meet the high objective (12 sales, 6 service) and have a minimum of 8 Solutions wireless bonuses in sales, and 4 Solutions wireless bonuses in Service (net)! So Cell! Sell! Cell!

REMEMBER WE ARE ALSO PAYING MORE \$\$\$ @ END OF MO.

SAVE Packages (Area Plus with Complete Choice, Complete Choice, Area Plus), Messaging (BVM, MemoryCall, WWMB) and Maintenance (EMP, Inside Wire) and win Bravo Points! Receive 2 Bravo points for each package save, and 1 Bravo point for every Messaging and Maintenance save. The maximum number of points that can be earned in a month is 25 for sales, 40 for service. Remember, you must enter your RETN in the memo section of the account along with the appropriate Save code for the product saved. The codes are as follows:

Complete Choice:	SVCC	MemoryCall:	SVMC
Area Plus:	SVAP	BVM, WWMB:	SVBV
Area Plus with Complete Choice:	SVCA	Maintenance:	SVWW

SAVE EARN!

Way for Fast

Continue to earn 5 Bravo points for every FastAccess sale, and another 5 Bravo points for every FastAccess install! Let's get all our customers on the Autobahn of the Information Superhighway!!! Also, the top 2 reps in net FastAccess installs (2 sales, 2 service) for January - March combined will win a \$300 Circuit City Gift Certificate! HQ will award gift certificates after final install reports are calculated from START, est. first week of May.

Area Plus Sales = Wal-Mart Gift Cards!

Sell lots of Area Plus packages (Area Plus and Area Plus with Complete Choice) and win! Sales reps sell 4 Area Plus packages in a day and score a \$5 Wal-Mart gift card! Service, sell 3 Area Plus packages in a single day and you'll win a \$5 Wal-Mart gift card! Results obtained from the daily report in START by state staff.

Handwritten initials/signature

**DON'T LET
YOUR UNIT
SINK!**



**COMPLETE CHOICE
IS A CRUCIAL
ANCHOR SERVICE!**

**OFFER THE
PROMO!!**

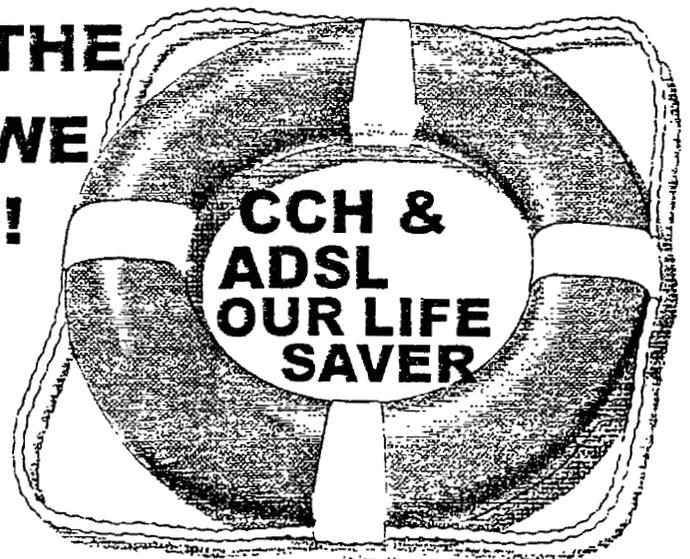


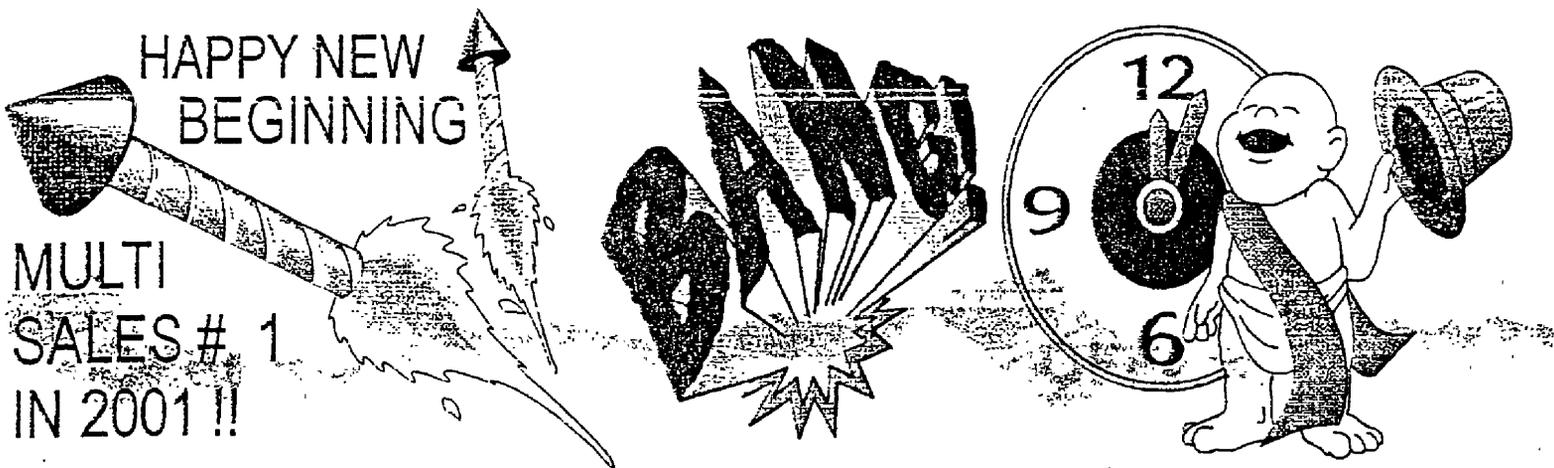
**COMPLETE CHOICE IS
AN EXTREMELY IMPORTANT
ANCHOR PRODUCT!!! CCH & AREA PLUS
IS EVEN BETTER!! LOTS OF PRODUCTS
DEPEND ON COMPLETE CHOICE TO BE
DISCOUNTED!!! "ADSL" IS ONLY \$40,
'PRIVACY DTR' IS ONLY 1 PENNY, ALL
THE COMPONENTS OF "VOICE MAIL" ARE
INCLUDED IN CCH! "INTERNET" IS ONLY
\$12.95 WITH CCH!! OFFER IT!!!**

**TAKE ADVANTAGE OF THE
"EXCELLENT" PROMO WE
ARE HAVING!!**

**OFFER IT
WITH
ENTHUSIASM!**

COME ALIVE!





\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$ JANUARY REMINDERS \$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$

1. ADSL/FASTACCESS - EARN \$5 FOR EVERY "ADSL" SALE AND AN ADDITIONAL \$5 FOR EVERY INSTALL. SALES CREDIT \$130. WOW!!
2. \$200 FOR ACHIEVING ONLY \$42,200 NET REVENUE. TRIPLE WOW!!!
3. \$150 FOR SELLING 190+ **CCH OR AREA** +
4. \$100 FOR SELLING 180 - 189 **CCH OR AREA** +
5. \$50 FOR SELLING 170 - 179 **CCH OR AREA** +



6. \$50 FOR SELLING 12+ **WWMB**
7. \$25 FOR SELLING 120+ **BVM**
8. \$25 FOR SELLING 17+ **"CELLULARS"**

ALL OF THESE \$\$\$\$ WILL BE PAID VIA AMERICAN EXPRESS CARD !!!!

BONUS: \$100 GC OF YOUR CHOICE FOR ONLY SELLING \$39.500 WITH AND RPLN OF \$215

BONUS: \$2 FOR EVERY WWMB SOLD DAILY THRU 1/7/01

sell it Right To AVOID CHARGE BACKS! OFFER EFFECTIVELY "ALL" ALLS!

cc:
all



2001 — A Sales Odyssey Begins!

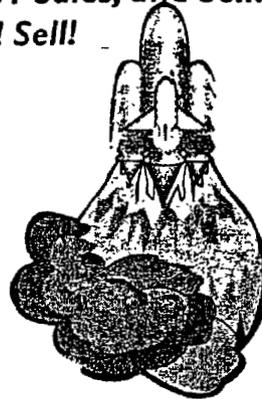
*Be tops in net
revenue each day
& win!*

What a way to kick off a New
Year!

Beginning Tuesday, January 2nd,
through Saturday, January 6th, be
#1 in net revenue and win a \$20
Blockbuster gift card!

There will be one winner per day per
center; top wireless sales will be used as
a tiebreaker if needed.

**Blastoff into 2001 Sales, and Sell!
Cell! Sell!**



Louise Sanchez
Fla State Staff
305.260.8183
Msanchez2@bellsouthips.com

12/27/00



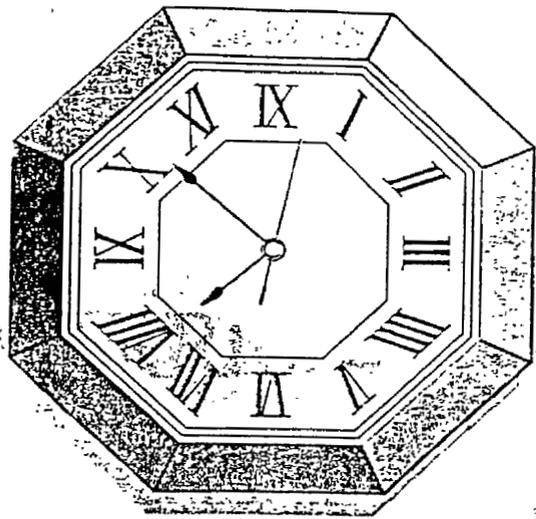
NATIONAL CHAMPIONSHIP GAME WED., 01/03 AT 8PM!!

\$125 PER TICKET !

SURPRISE BLITZ!!! HOT!! HOT!!

**TODAY, 1/2/00 THE REP WITH
THE HIGHEST "TOTAL
REVENUE" WILL WIN 2 TICKETS
AT \$125 EACH TICKET FOR
TOMORROW'S NATIONAL
CHAMPIONSHIP FOOTBALL
GAME AT THE PRO PLAYER
STADIUM!!! GAME IS AT 8PM!!**

WHAT ARE YOU WAITING FOR!!!



HURRY UP! THE CLOCK IS TICKING!

HEAT VS. WARRIORS

SKY BOX TICKETS!! WOW!!

Go HEAT!

LISTEN UP REEEEEEEEEAL GOOD!!!
IN ADDITION TO ALL THE \$\$\$\$ WE
ARE GIVING AWAY THIS
MONTH... WE HAVE 2 "SKY BOX"
TICKETS TO GIVE AWAY!!!

REP WITH THE HIGHEST TOTAL
REVENUE (ADDED TOGETHER) FOR
THURSDAY (1/4), FRIDAY (1/5) AND
SATURDAY (1/6) WINS THE 2
TICKETS TO SEE HEAT VS.
WARRIORS, FOR MONDAY'S (1/8)
EVENING GAME!!!

SKY BOX SUITE TICKETS!! YOU
CAN'T GO WRONG!!! OFFER IN
EVERY CALL!!!

" TIME OF GAME "
7:30 PM
[Signature]

cc
all
=

March 8th Blitz



- Give it all you've got!
- \$3,000 Total Rev
\$220 RPLN and 1 cell
or
- \$4,000 Total Rev
\$220 RPLN and 1
cell.
- Alba has a surprise in
store for you!!!!

THIS IS A FORMAL COMPLAINT OF ILLEGAL AND UNETHICAL ACTIVITIES OCCURRING AT THE BELLSOUTH CORPORATION, CONSUMER SERVICES, MULTI-LINGUAL MARKETING DEPARTMENT IN MIAMI, FLORIDA, BEING FILED BY PERSONS CURRENTLY EMPLOYED BY THE COMPANY IN THE CAPACITY AND TITLE OF SERVICE REPRESENTATIVES WITHIN SAID DEPARTMENT.

A COPY OF THIS DOCUMENT HAS BEEN PROVIDED TO THE COMMUNICATIONS WORKERS OF AMERICA UNION (CWA), THE FEDERAL COMMUNICATIONS COMMISSION (FCC), THE FLORIDA PUBLIC SERVICE COMMISSION (PSC), AND TO MANAGEMENT AT BELLSOUTH.

When I, Edgardo F. Callava, started to work for Southern Bell (now Bellsouth) on November 9th, 1992, I was told, over and over again, that the one thing that I would find to be for certain was that, during my employment, things would change. Monthly, weekly, sometimes even daily changes, would occur at a very fast pace. I was told that the ability to adapt to said changes was an integral part of my position.

Alongside with change, the other Company "buzzwords" that were making the rounds and being given center-stage at the time were integrity, ethics, and needs-based selling as it applied to our customers.

For some time, under the watchful eye of the Attorney General's Office, to violate the Company's Code of Ethics in any way would have quickly cost any employee his or her position, with little recourse, were the charges substantiated. And this was good for the customer, for very seldom did local charges for services or

If you're establishing new service in a geographical area where Bellsouth offers its services, where else do you turn to for local service? Sure, there are quite a few smaller companies that also provide the same service, but usually they cater to those that are unwilling or unable to pay the initial deposit required in many cases by Bellsouth, or are ex-Bellsouth customers that owe the Company money and find it easier to go with another company, even if it means paying higher, oftentimes much higher rates for the same services, and, additionally, making do without access to long-distance calls.

So, for various reasons, the Company decided to split up the Spanish group into two entities: Sales and Service. Sales would handle, essentially, transfers of service from one location to another (when you move) and calls for new service, while Service would be responsible for nearly everything else. Or, at least in theory, that's the way it would work.

Representatives who expressed an interest in going to Sales took a sales aptitude test to determine our qualifications and not everyone who took the exam passed. Those of us that did were told by the Company, in essence, that we were qualified to go to Sales. It **MUST** be noted that **NO** mention whatsoever was **EVER** made in regards to a sales quota that had to be met in order to remain in Sales or keep one's job. That came later.

Everything seemed to go well and progress smoothly for a few months after that, Sales handling sales calls and Service doing everything else. Around that time, the Attorney General's office stopped monitoring our calls and practices and very many time-consuming and mostly annoying disclosures (that had to be stated to the customer verbatim) were done away with.

"Packaging" (the bundling of services for one flat rate) was about to enter the equation.

Most residential customers at the time had perhaps one or two features on their residential lines, such as call waiting or call return. A customer with three or four of these features installed on

features not originally authorized by the customer, appear on the monthly bills (this is known as "cramming").

During that period and for approximately eighteen months thereafter, those of us that worked in what was known as the "Spanish Service" side of the house, handled both service orders and sales orders. We were pretty much what came to be known as "Universal" representatives, which basically meant that we handled just about every call that came our way, whether it was a service/repair situation or a revenue-producing opportunity.

We had been trained with the customer's needs as our primary concern, and great importance was given to customer satisfaction. The position's title to this day remains "Service Representative." Quality control positions doubled and then quadrupled, and time was made to train us, and train us well, in how to serve our customers, and great emphasis was given to "going the extra mile" in keeping said customers satisfied with our services. Looking back, I now realize that the Company did this truly out of fear arising from the unknown "competition" that was going to diminish its customer base. I say this because once they looked around and saw no real threat, customer service took a backstage to plain old greed for more profits. For a while there, they were running scared and, ironically, the customer benefited.

Let's stop for a minute to point out that although the Company is in business to generate profits in a constantly-changing arena, which is the telecommunications industry, it is nonetheless a highly-regulated utility providing one of the most basic of services to its customers: local telephone service. It is not an industry where haggling, discounts, or shady deals are expected. It IS, in every sense of the word, a **MONOPOLY**, although they would have you believe that competition, with the resulting loss of market-share and profits, is always just around the corner. A publicly-regulated utility should and must be held to a **higher** standard of ethics and accountability simply because of the fact that it has a "**captive audience.**"

his or her line was considered a money-maker. I was, I believe, assisting the training department off and on, at that time.

One day, a group of us were gathered for a brainstorming session where we were informed that the "packaging" or bundling of services would soon be open to us, and suggestions were analyzed as to how we could best market this highly-profitable "packaging," which, according to the Company, at that time, could NOT be referred to as "packaging," although everyone knew that's what it was. I soon realized that semantics plays a key role in how we market our services.

This may be difficult to understand and accept for most people, as it was for me. It was packaging, but it wasn't. Either it is, or it isn't, I say. To me, and please do excuse my non-progressive thinking, if it walks like a duck, has feathers and webbed feet, and makes quacking sounds, then it's a DUCK. By the way, this "is but isn't" description was really confusing to our customers who correctly called it "packaging," thereby forcing us, the reps, by direct order from the Company, to explain that it was a "group" of services.

For some time, our using the word "package" would have cost us our jobs in a heartbeat.

It was during one of these brainstorming sessions that I came up with the concept of the "Complete Telephone Service" (translated from Spanish). I thought up of several "groups" of services that could be offered to our customers, based upon the customer's NEEDS, and offered in direct relation to the answers provided by the customers during a brief fact-finding/information-gathering series of questions that the customer could be asked. Depending upon the responses given, one could then offer a specific "group" of services that would BENEFIT the customer, save him or her money, AND generate greater revenue for the Company. This concept, which I worked on for many, many weeks, eventually was transformed by the Company into what is now called "Complete Choice."

and offer it aggressively, overcoming customers' objections in order to sell it.

Needs-based selling had exited the sales arena.

Sales quotas/objectives were put in place, and then raised. They were raised again on numerous occasions during those times.

MOST representatives were NOT able to meet the objectives set by the Company. That did not dissuade the Company or get them to wonder why a good 80% of their representatives that had just a few months earlier QUALIFIED to be in the Sales department were NOT meeting the sales quotas. They responded in typical Bellsouth fashion: They again raised the objectives.

Needs-based selling exited the picture COMPLETELY. Talk about ethics became a thing of the past, unless you count the form that all representatives must every year sign on the dotted line.

That's the one that states that one will adhere to the Company's Code of Ethics. Representatives were told to "meet the numbers" ANY WAY or FIND ANOTHER JOB. Cheating commenced.

People that would otherwise not have succumbed to unethical sales procedures, did so, in order to keep food on their tables and a roof over their children's heads.

Complaints started to be heard, both from customers and representatives. The reps were told that it would be "looked into" and the customers were quieted with adjustments and credits on their bills. The louder we complained of by-now widespread cheating, the louder the Company stated that cheating would not be tolerated, but absolutely NOTHING was ever done. NOT ONCE.

We complained some more. The Company's response was to establish an in-house ombudsman's complaint and "ethics" line.

Those who called and were actually brave enough to divulge their identities, were told that the matter would be investigated. I do not know what action, if any, ever came of these "investigations," but I DO KNOW that it didn't make a dent in what was going on around us on a daily basis..

My idea, which I expanded upon greatly, gave way to a "Complete Telephone Service" video, training materials for it (in both English and Spanish), and numerous train-the-trainer and training sessions.

Please understand that when I envisioned this concept, it was to be sold based upon the customer's NEEDS, to benefit the customer, as well as the Company. In many cases, the customer is MUCH better off buying ONLY those services that will actually be used. This was intended only for those customers exhibiting a NEED for this plan. If the plan includes eighteen services for, say, \$28.00, but the customer ONLY uses three of them, then what good does it do to pay extra for the other services, even if the savings is only a couple of dollars. In those cases, that savings belongs in the customer's pocket. There is absolutely NO JUSTIFICATION whatsoever in paying for something that you just don't use. That would be a disservice to our customers. And remember that we are ALL customers.

Pretty soon, the Complete Telephone Service was selling like a cold drink on a hot day at the stadium and the Company was extremely pleased. So were we, the representatives who sold it. We were looking good in the limelight, the Company was making more money than ever for its stockholders, our positions were assured, AND the customer was getting something worthwhile for the money. The celebration didn't last long, though.

Once the Company's version of my Complete Telephone Service was available, two things happened. The first was that the Complete Telephone Service, which was, in reality, several different plans catering to specific customers' needs at a decently discounted rate, became "Complete Choice" which included nearly ALL the Company's offerings (about 18 services) for one flat rate. Which is not bad, provided you have a need for most of these services. Now, the Company still kept the Complete Telephone Service, but it no longer marketed it. We were to no longer offer THAT, based upon the customers' needs. Then the second thing happened: We now had to offer Complete Choice on every call,

Two things I DO know for sure, because we were there five, six, sometimes even seven days a week, taking calls during those long months of forced overtime: The Company AGAIN raised the quotas and we must either meet them or be out the door, and the ethical violations and cheating increased. Things progressed to the point where several reps would complain about the same people doing the same illegal things to the same Assistant Managers. Yet **NOTHING** was done. This Company may very well fire a rep for abusing a customer on the first offense, but it sure won't do a thing if you cheat to meet your sales, **JUST AS LONG AS THE NUMBERS THEY DEMAND ARE THERE ON THE SALES BOARD.** Don't tell of how you do it and the Company certainly won't ask.

The pressure to sell, sell, sell and sell some more became so intense that many older employees left, took early retirement, transferred to other departments or changed their attitudes in order to get promoted, just to be **off the desk.**

A large number of employees were told to "get it together" and meet the figures at ANY cost, or be reprimanded formally. Once the Company starts that "paper trail" on anyone, where they bury you with negative entries on your record, you're as good as out the door.

It was then announced that the Service department (from where we had all originally come) had several openings and since those of us that comprised the Sales department were mostly persons having several years with the Company (and thus, "high" on the seniority list), we could transfer back to Service. Many did, afraid for their jobs. These were mostly valuable employees, very knowledgeable, but who were NOT meeting their "sales." Nearly all had one thing in common: They would not cheat to meet the Company's objectives.

A note must be made at this point to explain that **NOT ALL** persons holding the title of Sales Rep engaged in illegal sales techniques. Many did not. Many did so in "gray" areas that I will

explain in greater detail later. There were also a few "superstars" that actually met and continue to meet the Company's objectives, and ethically at that, although there seem to be less of the "older" reps meeting these objectives at present. These, however, were a handful. Before we blame those that did engage in illegal practices, understand that anyone paying off a mortgage and having a couple of kids to feed, will most likely think twice before complaining about something so rampant, especially when the benefits of doing so will be absolutely zero, the complaints will fall upon deaf ears, and most probably, they will be targeted as malcontents and draw further negative attention to themselves.

Prompted by the success of Complete Choice, even though most employees were not meeting the artificially-high quotas set, the Company then went on a hiring spree. Very many new reps were hired. These reps were told, from the **FIRST DAY**, that the important thing was to **SELL**, and the more the better. They were also told to sell ethically, but I'm sure they were told that only a couple of times. The concept of **SELLING** and meeting the numbers was hammered into their training. They also did not benefit from the training provided to the rest of us at a time when the Company actually cared about the customer, as they did not join a group that had earlier existed where almost any rep could have been a role model in terms of correct and ethical customer service.

So, now we arrive at the present. We have over 70% "new" people that have less than 18 months of service with the Company. The Company now offers Internet services, telephone equipment, pagers and cellular telephones. The sales quotas are higher than ever. Very many reps are still not meeting them. There are now quotas for Internet services, telephone equipment, cellular telephones, Complete Choice, Memorycall voicemail service, and additional lines, as well as other objectives that the Company requires, such as how long you spend on a call, how long it takes for you to finish an order **CORRECTLY** after the customer has





hung up, and whether you mentioned ALL of the current promotions to EVERY customer, **EVEN THE ONES THAT TOLD YOU THEY DID NOT WANT ANYTHING EXTRA AT THE TIME YOU ASKED THEM FOR PERMISSION TO OFFER ADDITIONAL SERVICES OR FEATURES.** The Company states that the rep must attempt to overcome the customers' objections and continue reciting the offerings. **NOW, IS THIS ANY WAY TO RUN A GOVERNMENT-REGULATED UTILITY THAT HAS A MONOPOLY NEARLY EVERYWHERE IT DOES BUSINESS?**

Think you've read enough? The worst is yet to come. Before I begin describing what is specifically going on RIGHT NOW, at this very moment, as you are reading this, that is ALL WRONG with Bellsouth, in Miami, Spanish Sales, let me give you a little background as to who we are and how we know the things we say are true.

I, Edgardo F. Callava, have been with the Company since Nov. 9th, 1992, holding the same title of Service Representative. Throughout these 6 and 1/2 years with the Company, I've been involved in many "projects". I've been singled out by the Company for awards and recognition on many occasions. Aside from my duties as a service representative, I've assisted management very many times as trainer, translator, and spokesperson at numerous meetings for Spanish Sales, within and outside the State. Also, I have on numerous instances, served the Company in the role of Relieving Assistant Manager, when Assistant Managers were engaged in other duties. I say this so the reader will note that this document is **NOT A FEEBLE, LAST-DITCH EFFORT TO SALVAGE THE JOBS OF PERSONS WHO ARE INCOMPETENTS OR WHO ARE IN THE PROCESS OF BEING FIRED.**

We, whose signatures at the end of this document attest to its veracity, have over 70 years of combined experience working for the Company.

We, who have signed this document, have been told by the Company, at least up until a year-and-a-half ago, that we were valued employees, and the Company has demonstrated that by using our respective and numerous talents to act as Relieving Assistant Managers, train other reps, and having us participate in numerous projects that they considered important.

Furthermore, we don't harbor the childish illusion that anything is going to change. Bellsouth has **VERY** deep pockets and if we read them right, more than likely nothing will ever come of this effort to tell the truth. Some of us may lose our jobs. We understand and accept that outcome. However, before that happens, we have a **RIGHT** to state these facts, which are **COMPLETELY TRUE**, and which, by the way, have not been exaggerated one iota. There is no need to make things up, the truths we state are evident once one is alerted to them. We are also customers, as are our friends and families.

We will not cheat to meet a quota. Any quota. And we will not become unwilling and silent partners to the unethical treatment of customers which we are witnessing almost each and every day in our current environment.

Now here's what's really going on at Bellsouth:

When a representative needs additional time to complete and/or correct an order, so that everything will work as it should, or to correct an error on an order, many times he is told that it can't be done at that time. The order is then issued with errors, with the hope that it will be later corrected. Since there is no time to do so, the order will be corrected when the customer calls back, upset of course. This however, does not apply when the rep is requesting time to follow-up on or contact a lead that may result in a cellular telephone sale. I've never heard of the request being refused for that.

Training is, for the most part, inadequate, arriving rather late (our customers are often the ones to tell us about our current promotions), arriving too soon (what good is being trained on something that actually takes effect six months later?), or non-existent. It was, in all fairness, not always this way. At one time, we were very well-trained.

Since the Company split the group of service reps into Sales and Service, two separate entities, there exists a matrix that the rep is supposed to adhere to. This, according to the Company, is done in order to more efficiently handle the calls. In reality, misdirected calls, or calls handled by a rep that does not have the answer (remember all those "new" people and the problems with training), are summarily transferred elsewhere. Oftentimes, when the call reaches its destination, it gets transferred still again, so that the customer is, at times, waiting for a very long time before he, by chance almost, hits upon someone who can assist him and wants to. If the person that can assist him and knows how to do so is in Sales and that call is not going to generate revenue that is beneficial towards his sales quota, the call again goes somewhere else. Service reps are "supposed" to follow a "matrix" outlining what calls to handle, but failure to adhere to it, or loosely doing so, results in no negative impact whatsoever. Particularly if you're meeting the Company's sales objectives. Poor customer. Since in Sales, selling something, **anything**, takes **precedence**, it gets to the point where sometimes the same calls "make the rounds" of the Company's vast network of departments until either the customer, totally fed-up by now, requests a supervisor, or by chance lands someone that can actually help him and takes pity on him. And, as far as requesting a supervisor, in many cases, the supervisor will have to seek out a more knowledgeable rep to solve the problem, for lack of technical knowledge. Of course, because of this, calls that appear to lead to a "sale" are handled **quickly**, while those that don't produce revenue are summarily transferred with little hesitation.

Additionally, even those of us that may want to help a customer have long since forgotten how to technically do so, since training in the handling and resolution of "service" calls is not provided on an on-going basis and we have not had that kind of training for years.

Some of us, perhaps many, truly may want to help, but we just don't know how anymore. We can't place the customer on hold to go in search of an answer since that could be interpreted as "gross customer abuse" if we take too long. And, considering the technical know-how in our Unit, it could take a long time.

To further complicate matters, oftentimes we, the reps, are gated to other departments without being told. "Gated" simply means that we handle the calls that come in to that department as if we worked in it. If I'm gated to Service and I work in Sales and you don't tell me, then many of the calls that come in are going to get transferred back to Service since I'm not supposed to handle them. It may be a while before I realize what's happening. Also, we're assuming that I CARE, because, you see, it does NOT help my sales to handle Service calls, since they produce NO revenue towards my quotas. When I don't meet said quotas and am reprimanded formally, no one then remembers how many times I was gated to Service or for how long, or whether I helped my customers.

Complete Choice is added to the customer's line, with or without Memorycall, even after the customer was offered the service and declined. When the customer receives the first bill (which could be up to six weeks later), he calls back, oftentimes, irate, and tells the rep handling the call that it was offered, rejected, and doesn't understand why it is on the line. By the way, when in the past, and more so currently, a rep and his/her supervisor is confronted with any of these allegations of malfeasance/misfeasance (adding services to a line without approval or "forgetting" to remove services from the line at the customer's request), no action whatsoever is (or has ever been) taken. The service(s) is removed, the customer is offered an apology and sometimes a credit to the

bill, and the case is closed. This happens even when the same reps are implicated in the same occurrences.

Lest the reader think that these are isolated instances and not representative of what's going on at Bellsouth, please note that Complete Choice was added to one of MY PERSONAL LINES at my residence WITHOUT MY HAVING EVER CONTACTED THE COMPANY AS A CUSTOMER AND WITHOUT MY EVER, EVER HAVING REQUESTED IT FROM ANYONE.

In fact, it was done in such a blatant way that the person who did it did not even bother to read the part in my account which states that I work for the Company.

Furthermore, past experience shows that for every customer who actually takes the time to read his bill details and/or call in for an adjustment, there are many who just don't bother or who just give up after waiting too long throughout the process of being transferred from one place to another.

Memorycall is added to the line without the message waiting indicator so as not to alert the customer that something is amiss and not create a call-back where the customer then asks what the tone is. This is especially prevalent with the Spanish-speaking only Regional customers (outside of Florida).

Representatives change a dwelling that is already entered into our database with its own "location" to an additional line (in addresses where the main or large home has been subdivided into several separate apartments or efficiencies), for the purpose of generating additional, extra revenue towards the high sales quotas. This creates a danger with E911 in the sense that the arrival of critical help (fire/rescue/police) doesn't know exactly where to go to provide assistance (they have to knock on the "main" door) in properties with several apartments or "rooms." Additionally, further adding insult to injury, the customer is moreover penalized by an increase in the FCC-mandated access charge, which just happens to be more for an additional line than for a main line

(\$6.07 versus \$3.50). Now isn't that convenient for the Company? No wonder we were explicitly told to do this. Yes, **told.**

Telephone equipment and/or cellular telephones, sometimes two at a time, are sent to customers who did not request them. There is a very distinct line separating a request for information and inquiring about a product or service, as opposed to actually authorizing and consenting to a purchase. When the customer calls back, the rep handling the call is told that at no time did the customer authorize that the equipment be sent. They just wanted information or it was offered (the Company pushes, and rewards, cellular sales **tremendously** and above all else). Or else the rep "forgot" to explain that although there is a return policy, the customer is still responsible for shipping charges of \$9.95. And, yes, there is always the defense that many customers say yes (no doubt influenced by high-pressure sales tactics) and then change their minds. These things happen. What troubles me is that very many customers, more so than two years ago, are saying the same thing: That they unequivocally told the rep that they wanted just to think about it, not have it sent.

Again, it is quite easy to dismiss the aforementioned by stating that customers often say yes during an initial contact and then change their minds afterwards; but if this is the case, the instances where customers have had a change of heart has multiplied **twenty-fold**, most notably within the past **year or so.**

Of these, the incidence of customers who only wanted two or three features but got Complete Choice instead, is pretty high. Keep in mind that someone wanting only call waiting, three-way calling, and caller i.d. may only realize a savings of \$3.00 by not going with Complete Choice, but that's still \$3.00 too much if the customer doesn't use the other services included within the plan.

Reps seem to have rather widely-varying deposit policies, ultimately influenced greatly by the kind of revenue that the order will generate, and whether it is an additional line. Additional lines are coveted by reps since the revenue they generate is added to the

revenue generated from main lines, but the additional line itself is not counted for revenue-per-access-line computations (also known as RPLN). Where a deposit is required per Company policy, often the deposit is lowered or not requested, as long as the order is "juicy". This is especially easy to do considering the fact that reps can override a credit recommendation per the credit bureau and also since said bureau is often "down" or inaccessible.

Customers who, during the first few moments of a contact for new service (or even a transfer of service), express that all they want is a "basic" (read, low revenue) line, or to leave everything "as-is" and have few or no features on the line, may find that the address does not "appear" on our system, which is frequently "down;" that the landlord (in order to verify said "wrong" address) is inaccessible; that the deposit required for new service is rather high; that there is a final bill (unrelated) at the address that requires contact and/or verification with the landlord (again, inaccessible at the particular time) and/or will require verification with our Credit Verification Group (mostly inaccessible due to very extended periods of waiting on the line); that documents providing proof of previous residence and identification will need to be faxed to the Credit Verification Group (also known as CVG); etc. All of these "complications" would have most likely "disappeared," or the rep would have made an extra effort to actually assist the customer, if only the order had been a "good" one.

Sometimes, these orders for "basic" lines simply "disappear" from our database system, never to be found again. This is due to the fact that when it came time for the rep taking the order to either "generate" (gen) or "hold" the order, said rep simply clicked on the "cancel" button. There is, by the way, no way to track an order once it has been canceled. **Nothing remains.** Not a trace. When the customer calls back days later to advise that they tried to pay the deposit but the order was not found, it has to be taken anew, even though the customer had the correct Quick Service (QS) telephone number assigned to the specific address and is

Company will, of course, tell you that it is not up to the rep to decide whether a specific customer will be able to work a feature. They would say that the rep would be unfairly generalizing. The Company would be wrong if they said that and I know because for a very long time, I was “gated” “primary” **Regional**. That means that nearly 90% of my calls were from these same customers for nearly one year. There was once a time when this same Company “empowered” us, the service reps, to make decisions of this kind. Just like you don't pressure an elderly caller into buying services they neither understand or can afford, you also don't “load” someone's line with features just because they're very much more worried about being able to secure service although they may not have a valid social security number, which, by the way, is not required to set up service.

Furthermore, this specific “group” of Regional customers spend more money, per capita, than other groups, in order to call their native countries, so the monthly total for the bill tends to be so high that, since they have extra difficulty deciphering the bill (which I would like to unequivocally state is even difficult for those of us that work at Bellsouth to understand, especially the Spanish translation available in Florida only), they don't understand and cannot differentiate between local charges as opposed to toll calls. Compound that with the fact that, in many cases, they have no frame of reference with which to compare what local service costs, since they've never had it before.

So, in conclusion, I think you now have a good idea of how your local telephone company works. Of course, they'd rather you didn't know. It's very easy to receive one's bill, look at the amount past due, and then just mail out the check. I recommend that you read your bill. You wouldn't pay charges on a regular credit card that you hadn't signed for, so apply the same principle to your telephone bill. It may be a utility, but make no mistake about the fact that they are out to make money and make more money than

employees, myself included. That includes those of us who are in our mid-thirties to early fifties, each with about six or more years of experience. We are the ones who are at the top of the wage scale, the ones who cost the most money in health benefits to the Company since our dependents are also covered, the ones who have had to use the benefits package provided because of job-created health issues, and the ones who have the most difficulty adapting to the Company's new style of selling which is not based upon selling in accordance with customers' needs. I used to believe that it was a by-product of all the other things that are being done wrong within the Company, but it seems that I was mistaken. At Bellsouth, nothing is left to chance.

"Older" employees now account for about 30% of Spanish Sales (and that is an estimate). The rest, that were replaced by those that came onboard about a year ago, were, along with those of us who stuck it out, threatened mercilessly and almost daily during one specific period that lasted nearly a year. As a result, when the Company posted openings back to Spanish Service (which is where we had all originally come from before the split), many transferred back since they were told that this was to be their last chance at job security if they weren't making their "sales." Others transferred to other departments. Some quit. Some are now Assistant Managers.

About 7 in 10 employees in our office have been with the Company eighteen months or less. They were not hired or trained with a "service" mindset and don't have a concept of what a public utility's function is, other than selling, any way it takes, without concern for the customers' needs. That is in direct conflict with how the older employees were originally trained by one and the same company.

The noise level has increased in our offices to the point that it is not only completely unprofessional, but also makes conversations with our customers very difficult at times. A horn is blown, and quite loudly, every time someone sells a cellular telephone. Sadly enough, there are no horns blown for correct selling techniques

sometimes able to tell you exactly what features were ordered and how much the total cost per month quoted by the initial rep was. In short, you could tell that the order had been taken by someone, then disappeared.

Complete choice is constantly misrepresented as a Class of Service, which it is not. In South Florida, there are only two kinds of lines, the unlimited local calling plan (1FR) and the message rate plan (1MR). The Complete Choice may include the 1FR, but is not a basic class of service. It is a plan that includes the 1FR.

The wording and phrases used by some reps misleads the customer into believing that unless they take the Complete Choice, they will be **limited** to 30 local calls per month, paying additionally for calls over the 30, which is a description of the 1MR.

However, no group of customers is habitually taken advantage of more than our **Regional** customers. These are the

Spanish-speaking only customers of Bellsouth that reside in states other than Florida (specifically in the other 8 states that the Company does business in and whose calls the department where I am employed handles: Alabama, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee).

For many of these particular customers, installing local telephone service with Bellsouth is their very **first** experience ever with a telecommunications company. They have little if any assistance in verifying what's printed on their bills as Bellsouth does not provide for a bill in Spanish outside of Florida (they've told us that it would take major programming and expense to do so, which leaves some of us baffled). Many of these customers are semi-illiterate in their native tongue and their lines are thus "**loaded**" with everything imaginable, that is, with numerous plans and/or features that they neither have any use for and/or are literally unable to use.

Memorycall is an excellent example of this. Why would you purchase something on your line, an answering service of all things, that you didn't know how to program and whose recorded prompts you couldn't follow because they are in English? The

God, and I do ask for His pardon. Now, they'll probably get their best public relations people to work on a rebuttal that will sound very convincing. They'll categorically deny these facts which we have stated and attribute it all to a very "few" employees that are responsible for all this unethical activity. A few will be selected and singled out for a slow, but sure process of termination and another very few Assistant Managers will be reprimanded. These scapegoats will serve to soften your reaction to this document and lead you to believe that everything is fine.

Nothing could be more distanced from the truth. The Company has no intention of changing the way it does business and although they pay plenty of lip service to caring about their employees and valuing their customers, it's just that: lip service. What concerns them tremendously is whether or not they'll have a replay of last year, when I do believe they made more money than ever in the history of the Company, since divestiture. It also concerns them how closely regulatory agencies will monitor their modus operandi. We are talking about a Company that makes so much money that they have to refund excess profits beyond a certain point to the customers, depending upon how well they did the previous year.

The unethical activity has its roots in the Corporate Culture prevalent at Bellsouth during these times: Raise the bar (objectives) and have the reps meet or exceed them, then raise it still again. HOW it is done, they do not care about. They may shout at the top of their lungs that illegal activities will not be tolerated but nothing is done.

Lately, though, there are signs that the Company is becoming somewhat worried as to what such widespread complaints of illegal doings may lead to. More "observing" is apparent. Observing is when "someone" listens in on contacts to determine whether the rep is doing his job correctly. Usually, if it's from in-house, the observer is much more concerned in whether several disclosures were stated and in whether the rep tried his very best at selling

more features and services, than in whether the customer received what he really needed and has a use for.

This is one company that **CANNOT** police itself.

In all honesty I don't have the heart to blame the Assistant Managers for the roles they play in this scenario of pure and simple greed. They are simply the envoys or messengers that upper management utilizes to promote, enforce and perpetuate their mistaken agenda. Most of them, at least here in Spanish Sales, were reps themselves just a short while back and they do and can relate to what I'm talking about. They, just like the average rep, are fighting for their jobs on a daily basis, buried under by an endless stream of useless forms that the Company requires that they keep on a daily, weekly, monthly, quarterly, and yearly basis. It is rather surprising that a Company so meticulous about record-keeping has never concerned itself with or done a real study as to why there are so many dissatisfied employees and customers.

The Assistant Managers (known as AM's) have no time, for the most part, to help assist in the development of correct and legal sales techniques, techniques that they, themselves, were never really trained on. Their days are replete with completing forms and still more forms, at the whim of upper management, and attending seemingly ineffective and useless meetings where they are called upon to explain, and oftentimes not-so-softly threatened in regards to, the reasons why their people are not **all** meeting **all** of the Company's **quotas**.

They will be the first to tell you that it's all a "numbers game." Meet the sales and you're rewarded. Don't tell how you did it and you won't be asked. It's interesting in a very seriously sad sort of way to watch how no one ever questions how the goals are reached. Everyone in a position of authority seems infinitely more interested in promoting the latest sales blitz, with its accompanying prizes and bonuses for the top reps, full of fanfare and loud music.

And, no, **not everyone cheats**. There are many, both old and new employees alike, that do their jobs ethically. I wonder how many of them are meeting all of the Company's objectives...

There is no doubt in my mind that there are many within the Company, in positions of authority, that agree with these words and wished that they'd had the courage, or lack of common sense (depending on your viewpoint) to state them first. Unfortunately, they remained mute, ignoring it all, waiting for someone to take the first step.

There were quite a few other reps who read this document and whole-heartedly, even enthusiastically, agreed with its contents without reservation. Their signatures do not appear on the last page because they wished to remain anonymous for fear of reprisals by the Company.

It is my sincere belief that the Company is an entity of such gargantuan proportions that parts of it have **no idea** as to how other parts actually obtain the results, **or care how it is accomplished.** This is partly why oftentimes we may be holding 40 calls and some reps may still be found during that time decorating the office for whatever holiday/seasonal event is upcoming. This may also hold a clue as to the reasons why the Company promotes certain reps into management positions. Ironically, in some cases, the reps promoted were those that were not meeting the same sales quotas demanded by the Company. Of course, once they are promoted, they are then given the unpleasant chore of either "developing" their ex-peers to accomplish what they themselves couldn't, or building, very gradually, a case where they can fire them for non-performance of these mostly unattainable goals.

I would like to state that this document describes the environment that we've worked in during the past 6 and 1/2 years. It was not always this way. Others may view it differently. That remains to be seen.

I have noticed what appears to be a trend towards a **directed and systematic effort** by the Company to rid itself of the "older"

based upon what the customer actually needs. Very loud music may be heard throughout different areas at all times. Many of the older reps have complained about this and have been told that it was authorized by management as a "motivating factor," with the hope of making it a "fun" place to work in. These reps have then had to continue telling their customers that they can't hear them, or have forced themselves to move their positions to quieter surroundings, when available.

Many older reps have had to go out on benefits leave due to job-related headaches or stress caused by the noise and constant pressure to sell more and more each time the quotas are raised, which has been often. They have been told that if any of these factors present a problem, they have "choices," meaning that they should seek employment elsewhere.

In closing, I would like to say that it is a given that the Company must make money and it does so on a grand scale every year. That, must however, be viewed alongside the equally important responsibility that is, or should be, inherent with the status of a monopoly, which it has remained all along for all practical purposes, notwithstanding the visions of the competition that, according to the Company, awaits in every dark corner, readying itself to compete for its share of the market and thus drastically reduce Bellsouth's profits. As a publicly-regulated utility, its responsibility to the public at large is to provide telephone service to all its customers. This, it is not doing fairly or ethically, at least in Spanish Sales. We emphasize that we cannot comment upon or pretend to know what goes on in other Units. We do know what is happening in ours, though.

Little importance, if any, is given to ethical selling and there is every indication that the Company is again headed in the direction of another settlement not unlike what happened before with the Service Plan and Maintenance Agreement (Davis Case). I think the Company knows this and is taking a calculated risk. They very well know that if they are caught and wrongdoing is actually proved,

they can again plead their case and refund, say, eighty million, of say, two-hundred million made on questionable sales techniques. The net profits generated by that sort of calculated risk make it one worth taking even after one considers the penalties. Those figures are, by the way, purely fictional, and were used only as an example.

One important note must be made here: Pleading ignorance as a defense of what's going on cannot possibly be a factor in this case. The Company can tell how many times a rep used the restroom in the past twelve months and how long each visit lasted. With such resources available, why hasn't it paid any attention to the obvious signs and complaints of unethical activities that are occurring and that have been reported in the past, most notably within the last eighteen months?

Still, if our workplace has become such a fever-pitch sales environment where customers who call us for service must heed a "caveat emptor," or "buyer beware" when they place a simple call to their local telephone company, then perhaps the time has come to re-assess our titles as Service Representatives and change it to another, more fitting one. It kind of makes you wonder where J.D. Powers gets their information when their surveys show Bellsouth to be ranked tops in customer satisfaction. We all get a big kick out of those yearly surveys. They are surely not canvassing our customers in Spanish Sales.

And, yes, the Company is going to take the position that it never told anyone to cheat, and they're **right**. They are responsible for creating and fostering an environment where it was made possible; they are responsible for turning the other way when they received a multitude of complaints from many sources; they are responsible for not having listened to the reps and the customers complain that many things are not being done as they should be; but they **never, ever** told anyone to cheat.

That, they did not do.

They did everything but that.

We, whose names and signatures appear directly below, attest that all the statements in this document are facts. We know because as of the signing of this document, we were still employed in the position of Service Representative with Bellsouth.

Edgardo F. Callava _____

Raquel Rivero _____

Ilka Figueras _____

Jackie Torres _____

Sandra Padron _____

Millie Alfonso _____

**Service Representatives
Spanish Sales and Marketing
Bellsouth Consumer Services
Miami, Florida**

Dated: _____