

Is AT&T Cooking the Books?

In a word: YES. "Whistle-blowing" former SBC employees have come forward under oath with disturbing claims. The issues center on Federal and State mandated performance measurements (also called PMs). These penalties were put in place by regulators because competitors depend upon the AT&T monopoly for "network elements" in order to serve customers. AT&T (then SBC) agreed to share many of these network elements with competitors in exchange for permission to enter the long distance market in 2000. In Texas for example, AT&T agreed to pay up to \$289 million in damages annually, to its competitors and the State if its performance was deemed substandard. The problem is, AT&T has been caught cheating on their reporting. Sworn statements from former SBC employees support these allegations. Read on and draw your own conclusions.

Let's consider Texas as an example. According to AT&T's own data, AT&T paid less than 2% of a \$289 million "cap" allowable in Texas over the last five years. That's about \$30 million vs. a possible \$1.445 billion, ($\$289M \times 5$) - a figure many consider suspiciously low. Naturally, AT&T states that it has been good performance to competitors that begot so small an amount. The evidence however states otherwise. In fact, virtually every time AT&T has been audited, it has been caught owing a lot of money to competitors and the States. Don't take our word for it, consider the following example, all of which can be substantiated in the public record under oath:

- In February 2004, AT&T (Then SBC) was ordered by the Texas Public Utility Commission (TPUC) to refund competitors for failure of their orders to "flow through" its computer systems within the allotted time. They did not at first comply. In fact, *ten months after* the Order (and only after the principals of this firm reported them for compliance) did SBC pay a paltry \$2.7 million. After the principals of this firm challenged that amount, AT&T paid another million dollars. Don't just take our word for it, look at the public record for yourself at this link: http://interchange.puc.state.tx.us/WebApp/Interchange/Documents/30697_1_467864.PDF
- A \$2.5 million audit initiated five years ago by the TPUC with Hewlett Packard Corporation uncovered serious problems. SBC was ordered to complete follow up work that was completed in the fall of 2006. Open Records Act requests by the principals of this firm however show that AT&T wrote its own audit contract, and even drafted the final order approved by the Texas Commission, all without any comments or input by competitors. But there is more:
- Another TPUC Order mandated that SBC reimburse its competitors for millions of orders SBC improperly excluded due to "statistical variation". It took over four years however for AT&T to comply due to its constant appeals. In the meantime, AT&T signed what may have been an illegal stipulation with the attorney for the TPUC to avoid having to comply until litigation was completed. This finally happened in October 2006, but AT&T still underpaid its competitors. See: http://interchange.puc.state.tx.us/WebApp/Interchange/Documents/20400_755_491494.PDF
- **COMPETITORS MAY ONLY HAVE A FEW MORE MONTHS TO FILE CLAIMS FOR THIS LARGE REFUND!** The Texas PUC is enforcing a two year statute of limitations, meaning that all claims must be filed by October 2008! Several AT&T competitors have filed already with our help and are disputing the AT&T figures. If you wish to file a claim you must act NOW. For more info see this link: http://interchange.puc.state.tx.us/WebApp/Interchange/Documents/35096_1_570329.PDF

- The Texas PUC Complaint above, **Docket 35096**, alleges that AT&T deliberately altered data to avoid payments to its competitors and that it may owe millions to its competitors. It is supported by the sworn testimony of former AT&T employees. Each of the competitors in this proceeding has already collected hundreds of thousands of dollars with our help.
- This is also not the first time AT&T has altered data or hidden its responsibility. Consider the email in the link below where SBC legal counsel instructed employees to destroy evidence (which also mysteriously vanished from two separate TPUC Dockets. We found a copy anyway, see: http://tellawcomlabs.com/sbc_covad_email.pdf. (We are also considering a report to the Texas Bar Association of AT&T legal counsel for this repeat conduct)
- Liquidated damages are not the only problem. AT&T owes hundreds of millions of dollars to its competitors for losing Call Detail Records (CDRs). CDRs measure how long customers talked, and other data necessary to bill for calls. AT&T was supposed to faithfully and accurately log these records, but instead lost billions of them. In many cases AT&T billed the calls instead of its competitors. These problems continue to this day.

Sworn Testimony Confirms SBC Employees were Encouraged by SBC to Alter Order Data.

- One former SBC employee filed a formal complaint with the FCC and asked for a "formal investigation of my employer." She claimed she was instructed to change orders and alter data as part of a special SBC team tasked with cleaning up problems before regulators could discover them. She was actually given an award by SBC management for her effort. See: http://tellawcomlabs.com/renee_dodd.pdf
- Another employee filed a wrongful termination lawsuit against SBC after he was fired for refusing to alter data. See: http://tellawcomlabs.com/orig_demetriusaffadavit_web.pdf
- Outside auditors have also questioned these practices by AT&T. An independent audit and data forensics company, Chicago-based CyberControls, L.L.P, found 46% of one competitors service orders were altered by inserting a code that excluded these orders from PM calculations. See: http://tellawcomlabs.com/feasibility_analysis_report_6_23_04.pdf

Have you seen enough? If not, sign our Non Disclosure Agreement (NDA) and we can really show you some eye openers. Time is short and many of these claims will expire soon. If you want to join the AT&T competitors who have collected millions of dollars due to these AT&T practices, contact us TODAY.

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