

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA**

**Case No. 06-80180-CIV-RYSKAMP/VITUNAC**

**FEDERAL TRADE COMMISSION,**

**Plaintiff,**

**v.**

**NATIONWIDE CONNECTIONS, INC.,  
ACCESS ONE COMMUNICATIONS, INC.,  
NETWORK ONE SERVICES, INC.,  
WILLOUGHBY FARR,  
MARY LOU FARR,  
YARET GARCIA,  
ERIKA RIABOUKHA,  
QAADIR KAID,**

**BILLING CONCEPTS, INC.,  
ACI BILLING SERVICES, INC.,  
d/b/a OAN,  
BSG CLEARING SOLUTIONS NORTH  
AMERICA, LLC, and**

**THE BILLING RESOURCE,  
d/b/a INTEGRETTEL,**

**Defendants.**

**(PROPOSED)**

**STIPULATED FINAL  
JUDGMENT AND ORDER  
FOR PERMANENT  
INJUNCTION AND  
CONSUMER REDRESS AS  
TO**

**DEFENDANTS BILLING  
CONCEPTS, INC.,**

**ACI BILLING SERVICES,  
INC., d/b/a OAN, and**

**BSG CLEARING  
SOLUTIONS NORTH  
AMERICA, LLC**

Plaintiff, Federal Trade Commission ("FTC" or "Commission"), has filed a First Amended Complaint ("Complaint") for permanent injunction and other relief in this matter, pursuant to Sections 5 and 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 45 and 53(b). Defendants Billing Concepts, Inc., ACI Billing Services, Inc., d/b/a OAN, and BSG Clearing Solutions North America, LLC (collectively, "BSG" or "Defendants") and the

Commission hereby STIPULATE and AGREE to the entry of the following Stipulated Final Judgment and Order for Permanent Injunction and Consumer Redress.

**FINDINGS**

1. This Court has jurisdiction of the subject matter of this case and of the parties hereto and venue is proper as to all parties in the Southern District of Florida.
2. The activities of Defendants, as alleged in the Complaint, are in or affecting commerce as defined in the FTC Act, 15 U.S.C. § 44.
3. The Complaint states a claim upon which relief may be granted against Defendants under Sections 5 and 13(b) of the Federal Trade Commission Act, 15 U.S.C. §§ 45 and 53(b).
4. Defendants waive all rights to seek judicial review or otherwise challenge or contest the validity of this Order. Defendants waive any claim that they may have held under the Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action to the date of this Order. Each settling party shall bear its own costs and attorney's fees. Defendants waive any right to recover from Plaintiff, pursuant to their Rule 68 Offer of Judgment, any fees, expenses, or other costs Defendants have incurred in this litigation. Defendants do not waive any rights they may have against the Court-appointed Receiver in this case.
5. This Order does not constitute an admission by Defendants that they have engaged in violations of the FTC Act.
6. Entry of this Order is in the public interest.

## DEFINITIONS

For purposes of this Order, the following definitions shall apply:

1. **“Acquired Vendor”** means a Vendor or Sub-Vendor that BSG acquires as a client and to which BSG begins providing Services as a result of BSG’s acquisition of an Aggregator.
2. **“Aggregator”** means a Person that provides Services.
3. **“Applicable LEC Threshold”** means the lesser of: (a) fifty (50) percent of the LEC Inquiry Rate imposed by a LEC as of the date of entry of this Order; or (b) seventy-five (75) percent of a LEC Inquiry Rate imposed by a LEC after the date of entry of this Order.
4. **“Applicable Time Period”** means the shortest amount of time that is reasonably feasible but in no case longer than: (a) six months for Acquired Vendors that Defendants have acquired as a result of their purchase of an Aggregator with a total of thirty or fewer Vendors and Sub-Vendors that are not publicly traded with at least one million shares of listed stock and a market capitalization of at least \$60 million; and (b) twelve months for Acquired Vendors that Defendants have acquired as a result of their purchase of an Aggregator with a total of more than thirty Vendors and Sub-Vendors that are not publicly traded with at least one million shares of listed stock and a market capitalization of at least \$60 million.
5. **“Automatic Message Accounting Records”** means LEC usage records showing details relating to a specific instance of Telecommunications Services provided to a particular telephone number.
6. **“Billed Telephone Number”** (“BTN”) means a telephone number assigned to a Line Subscriber through which a LEC or other entity provides local telephone service, and through which the Line Subscriber is billed for such service on a monthly (or periodic) basis.

7. **“Call Record”** means, except with respect to Pic’d Services, the charge record of a telephone call that is submitted by a Vendor or Sub-Vendor to Defendants for billing and that contains information about the call, such as the date of the call, the originating and terminating telephone numbers, the BTN, the type of call, the duration of the call, and the amount to be paid by the Line Subscriber. With respect to Pic’d Services, **“Call Record”** means the charge record submitted by a Vendor or Sub-Vendor to Defendants for billing and that contains information about the monthly long distances services purchased by the Line Subscriber, including the recurring amount to be paid by the Line Subscriber.

8. **“Carrier”** means a Person that provides Telecommunications Services.

9. **“Carrier Switch Records”** means Carrier usage records showing details relating to a specific instance of Telecommunications Services provided to a particular telephone number.

10. **“Defendants”** means Billing Concepts, Inc., ACI Billing Services, Inc., d/b/a OAN, BSG Clearing Solutions North America, LLC, and their respective parents, divisions, subsidiaries, successors and assigns, individually, collectively, or in any combination.

11. **“Escalated Regulatory Inquiry”** means an inquiry related to a Vendor’s or Sub-Vendor’s Telecommunications Charge(s) and submitted directly to Defendants by a Regulatory Entity requesting information and review or investigation from Defendants.

12. **“Express Authorization”** or **“Expressly Authorized”** means that the Line Subscriber, or a person authorized by the Line Subscriber, has authorized the Telecommunications Charge or that the call was made as billed.

13. **“Genuine”** means that the records have not been altered, changed, tampered with, or fabricated.

14. **“Larger Sample of Billed Telephone Numbers”** means at least one hundred (100) Billed Telephone Numbers to which Defendants, a Vendor, a Sub-Vendor, or a LEC have most recently issued a refund or credit for Telecommunications Charges associated with a particular Vendor or Sub-Vendor.

15. **“LEC”** means a local exchange carrier or other entity that provides local telephone service to a Line Subscriber through an assigned telephone number.

16. **“LEC Inquiry Rate”** means the percentage or number of inquiries from consumers related to Telecommunications Services received by the LEC associated with a Vendor or Sub-Vendor above which the LEC may suspend or terminate billing on behalf of a Vendor or Sub-Vendor.

17. **“Line Subscriber”** means a Person that has arranged with a LEC or other entity to obtain local telephone service provided through an assigned telephone number and to be billed for such service on a monthly (or periodic) basis.

18. **“Nationwide Defendants”** means Nationwide Connections, Inc.; Access One Communications, Inc.; Network One Services, Inc.; Willoughby Farr; Mary Lou Farr; Yaret Garcia; Erika Riaboukha; and Qadir Kaid.

19. **“New Vendor”** means a Vendor or Sub-Vendor to which Defendants have not provided, or with which Defendants have not contracted to provide, Services within the preceding twelve-month period.

20. **“Order”** means this Stipulated Final Judgment and Order for Permanent Injunction and Consumer Redress as to Defendants Billing Concepts, Inc., ACI Billing Services, Inc., d/b/a OAN, and BSG Clearing Solutions North America, LLC.

21. **“Owner”** means a Person that: (1) owns, directly or indirectly, a Vendor or Sub-Vendor; (2) is the direct or indirect beneficiary of five (5) percent or more of the stock of a Vendor or Sub-Vendor; or (3) is a partner or joint venturer in a Vendor or Sub-Vendor.

22. **“Person”** means any individual, partnership, corporation, association, unincorporated association, government or governmental subdivision or agency, group, or other entity.

23. **“Pic'd Services”** means long distance services billed as monthly recurring charges.

24. **“Principal”** means a Person that controls or has authority to control, directly or indirectly, or has decision-making power or signatory authority with respect to, a Vendor or Sub-Vendor.

25. **“Regulatory Entity”** means a local, state, or federal public utility commission, law enforcement or other regulatory body, or any consumer organization that accepts consumer complaints.

26. **“Regulatory Inquiry Rate”** means the total number of inquiries related to Telecommunications Services, including Escalated Regulatory Inquiries, about a Vendor or Sub-Vendor made to a Regulatory Entity and forwarded to Defendants during the month, divided by the total number of Call Records that Defendants processed and forwarded to LECs on behalf of such Vendor or Sub-Vendor during the previous month, multiplied by one hundred (100).

27. **“Representatives”** means each of the following who receive actual notice of this Order by personal service or otherwise: Defendants' officers, partners, agents, employees, attorneys, and those persons in active concert or participation with them.

28. **“Sample of Billed Telephone Numbers”** means at least thirty (30) Billed Telephone Numbers to which Defendants, a Vendor, a Sub-Vendor, or a LEC have most recently issued a refund or credit for Telecommunications Charges associated with a particular Vendor or Sub-Vendor. *Provided, however,* that for purposes of complying with Paragraphs IV(T) and (U) for New Vendors, the Sample of Billed Telephone Numbers shall mean those Billed Telephone Numbers selected using the procedure in Appendix A.

29. **“Services”** means processing and forwarding Call Records to be placed on Line Subscribers’ monthly (or periodic) LEC telephone bills, and/or providing related services including, but not limited to, responding to LEC, regulatory, and consumer inquiries about charges appearing on Line Subscribers’ telephone bills.

30. **“Station Message Detail Recording Records”** means payphone, hotel, or non-residential location usage records showing details relating to a specific instance of Telecommunications Services provided to a particular telephone number.

31. **“Switch”** means a device that, *inter alia*, records information related to Telecommunications Services as they are carried across the telecommunications network.

32. **“Sub-Aggregator”** means a Vendor that submits Call Records for Telecommunications Services to Defendants on behalf of one or more Sub-Vendors.

33. **“Sub-Vendor”** means a Person that originates its own Call Records for Telecommunications Services through its own sales efforts, independent of any Vendor, and submits these Call Records to a Sub-Aggregator to be billed to Line Subscribers by Defendants.

34. **“Telecommunications Charge”** means a charge associated with a Telecommunications Service.

35. **“Telecommunications Service”** means common carrier transmission, such as collect calls, third-party billed calls, and Pic’d Services.

36. **“Third Review Sample”** means at least forty (40) Billed Telephone Numbers to which Defendants, a Vendor, a Sub-Vendor, or a LEC have most recently issued a refund or credit for Telecommunications Charges associated with a particular Vendor or Sub-Vendor.

37. **“Vendor”** means a Person, including a Sub-Aggregator, to which Defendants provide Services or intend to provide Services.

38. **“Vendor Inquiry Rate”** means the total number of written and telephone inquiries related to Telecommunications Services concerning a Vendor or Sub-Vendor received directly from consumers by Defendants during the month (including telephone calls transferred by Defendants to the Vendor or Sub-Vendor), divided by the total number of Call Records that Defendants processed and forwarded to LECs on behalf of such Vendor or Sub-Vendor during the previous month, multiplied by one hundred (100).

39. **“Vendor Switch Records”** means Vendor usage records that include billing and non-billing record information of a telephone call event related to a specific telephone number.

40. **“Verified,” “Verify,” or “Verifying”** means, with respect to Telecommunications Services except for Pic’d Services, that Defendants have confirmed that a Telecommunications Service was provided as billed by: (1) examining Carrier Switch Records, Station Message Detail Recording Records, Vendor Switch Records, Automatic Message Accounting Records, or other records that demonstrate that a Telecommunications Service was provided as billed; or (2) receiving written confirmation from a LEC that the LEC’s Automatic Message Accounting Records or other usage records match the billed Telecommunications Charge. Only with respect



to Pic'd Services, "**Verified**," "**Verify**," or "**Verifying**" means that Defendants have confirmed that the consumer authorized the billed Pic'd Services charge by examining the consumer's written authorization or third-party verification recording that demonstrates that the material terms of the purchase of monthly long distance services were disclosed to the consumer and that the consumer authorized the recurring monthly charge consistent with applicable law or regulation.

41. "**Written**" includes, but is not limited to, e-mail and other forms of electronic communication.

## **PROHIBITED BUSINESS PRACTICES**

### **I.**

**IT IS THEREFORE ORDERED** that Defendants and their Representatives are hereby permanently restrained and enjoined from directly or indirectly misrepresenting, expressly or by implication, in writing or orally, that a Line Subscriber is obligated to pay any Telecommunications Charge that has not been Expressly Authorized. *Provided, however,* that by complying fully with Paragraphs IV and V of this Order, Defendants and their Representatives shall be deemed to be in compliance with this Paragraph.

### **II.**

**IT IS FURTHER ORDERED** that Defendants and their Representatives are hereby permanently restrained and enjoined from billing or submitting any Telecommunications Charge for billing on a Line Subscriber's telephone bill unless the charge has been Expressly Authorized. *Provided, however,* that by complying fully with Paragraphs IV and V of this Order, Defendants and their Representatives shall be deemed to be in compliance with this Paragraph.

### **III.**

**IT IS FURTHER ORDERED** that Defendants and their Representatives are hereby permanently restrained and enjoined from selling or renting the name, address, telephone number, credit card number, bank account number, e-mail address, or other identifying information Defendants received from the Nationwide Defendants for any Line Subscriber or other person whom Defendants or their Representatives billed, or caused to be billed, on behalf of the Nationwide Defendants at any time prior to entry of this Order. *Provided, however,* that nothing in this Order shall be construed to prevent Defendants and their Representatives from disclosing such identifying information as required by any law or regulation, or in response to any government request or court order.

### **PREVENTION OF UNAUTHORIZED BILLING**

### **IV.**

**IT IS FURTHER ORDERED** that, for purposes of satisfying the exclusion from liability provisos set forth in Paragraphs I and II above, Defendants and their Representatives shall take all necessary steps, prior to providing Services to any New Vendor, and within the Applicable Time Period for Acquired Vendors, to ensure that Defendants and their Representatives do not engage in the unauthorized billing of Telecommunications Charges to consumers on behalf of a New or Acquired Vendor. At a minimum, such steps shall include:

- A. Obtaining and confirming the Vendor's business name and the address of its principal place of business;
- B. Obtaining and confirming the names, addresses, and telephone numbers of the Vendor's Owner(s), officer(s), directors, and Principal(s);

- C. Obtaining the Vendor's articles of incorporation, partnership documents, or similar records demonstrating its business type;
- D. Obtaining a certificate of good standing from the Vendor's state of incorporation;
- E. Obtaining and reviewing copies of the Vendor's applicable business license(s), applicable tariffs, and any documentation submitted by the Vendor to obtain such business licenses and tariffs, and confirming that there are no material inconsistencies between information in the licenses, tariffs, and documentation and other information Defendants obtain regarding the Vendor;
- F. Obtaining and reviewing a Dun & Bradstreet report on the Vendor, if available;
- G. Performing the steps set forth in Subparagraphs (A)-(F) for each of the Vendor's Sub-Vendors, if the Vendor is a Sub-Aggregator;
- H. Performing a site visit to the Vendor's principal place of business and confirming that the equipment, office, business practices, and personnel are consistent with the information provided by the Vendor. *Provided, however,* that such site visit will not be conducted by any sales agent or other person employed or used by a Defendant to acquire Vendors as clients;
- I. Obtaining proof of and confirming a business relationship between any Vendor and its Sub-Vendor(s), if the Vendor is acting as a Sub-Aggregator;
- J. Reviewing documentation sufficient to determine that the Vendor, or Vendor's Sub-Vendors if the Vendor is a Sub-Aggregator, is capable of providing the Telecommunications Service;
- K. Independently confirming, through publicly available sources, that within the past five (5) years, the Vendor, the Vendor's Sub-Vendors (if applicable), and their respective

Owner(s), officer(s), directors, and Principal(s), and any company currently or formerly owned by the Vendor's or Sub-Vendor's Owner(s) or Principal(s):

- (1) Have not been convicted by a court of law of, or pled *nolo contendere* to, fraud or any other offense concerning dishonesty; and
- (2) Have not been enjoined from unauthorized telephone billing by any state or federal authority;

L. Requesting that the LECs confirm that they have not terminated, within the past five (5) years, the Vendor, any of the Vendor's Sub-Vendors (if applicable), and their respective Owner(s), officer(s), directors, and Principal(s), and any company currently or formerly owned by the Vendor's or Sub-Vendor's Owner(s) or Principal(s);

M. Obtaining and confirming for each Vendor and each of its Sub-Vendors, if applicable: (1) the names and addresses of any telemarketing company to be used by the Vendor and each of the Vendor's Sub-Vendors; (2) the names and addresses of each such telemarketing company's Owner(s), officer(s), directors, and Principal(s); (3) the names and addresses of any third-party verification company to be used by the Vendor and each of the Vendor's Sub-Vendors; and (4) the names and addresses of each such verification company's Owner(s), officer(s), directors, and Principal(s);

N. Obtaining a clear and complete written description of: (1) the Telecommunications Services to be provided by the Vendor, and each of the Vendor's Sub-Vendors, if applicable; and (2) how such Telecommunications Services are to be marketed;

O. Determining that all advertising and other materials, including but not limited to marketing materials, used by the Vendor and each of the Vendor's Sub-Vendors, if applicable, are not facially false or misleading;

P. For any Vendor that previously billed charges on Line Subscribers' telephone bills through one or more other Aggregator's Services, or directly through one or more LECs, requesting written confirmation of the absence of any LEC-related billing concerns from at least two (2) LECs whose Line Subscribers the Vendor previously billed, including one of the three largest LECs if applicable;

Q. Purchasing or obtaining the Vendor's (or respective Sub-Vendor's) Telecommunications Service, without notice to Vendor (or respective Sub-Vendor) unless telemarketed, and in a comparable manner as a consumer would purchase such service, and confirming that: (1) the service is as described in the marketing materials; (2) the service will be billed only after the charge has been Expressly Authorized; (3) the Express Authorization is consistent with the Vendor's or Sub-Vendor's marketing materials; and (4) the Telecommunications Service is being provided. *Provided, however,* that this subparagraph shall not require Defendants to purchase or obtain any Telecommunications Service that is billed to consumers as a Pic'd Service or that is available only in prisons, hospitals, or other locations where public access is similarly restricted;

R. Requiring that each Vendor provide, and if the Vendor is acting as a Sub-Aggregator, requiring that each Sub-Vendor provide, to Defendants, upon request, proof of Express Authorization;

S. Analyzing the Call Records submitted to Defendants by the Vendor for billing and confirming that the Call Records do not exhibit suspect patterns including, but not limited to, number sequencing, suspiciously similar or dissimilar call duration times, or unusual concentration of origination or termination numbers;

T. If the Telecommunications Service being provided is collect calls, selecting and calling a Sample of Billed Telephone Numbers and confirming that each Billed Telephone Number is not dedicated to a fax machine or modem, but in fact is a working number that is capable of receiving calls;

U. With respect to New Vendors and Sub-Vendors only, selecting a Sample of Billed Telephone Numbers and Verifying that the Telecommunications Service was provided;

V. Declining to provide any Services to a New Vendor or New Sub-Vendor: (1) that has failed to provide the documentation necessary for Defendants to complete steps IV(A) - (U); (2) that has provided information pursuant to Paragraph IV that Defendants determine is materially inaccurate or is materially inconsistent with other information obtained or learned by Defendants; (3) that has provided Billed Telephone Numbers exhibiting one or more suspect patterns as provided in Paragraph IV(S); (4) for which Defendants did not obtain the confirmations set forth in Paragraph IV; or (5) for which Defendants did not Verify that the Telecommunications Service was provided for every Call Record corresponding to the Sample of Billed Telephone Numbers selected pursuant to Paragraph IV(U); and

W. Permanently ceasing the submission of Call Records to all LECs for billing by the next business day on behalf of any Acquired Vendor: (1) that has failed to provide the documentation necessary for Defendants to complete steps IV(A) - (T) within the Applicable

Time Period; (2) that has provided information pursuant to Paragraph IV that Defendants determine is materially inaccurate or is materially inconsistent with other information obtained or learned by Defendants; (3) that has provided Billed Telephone Numbers exhibiting one or more suspect patterns as provided in Paragraph IV(S); or (4) for which Defendants did not obtain the confirmations set forth in Paragraph IV.

*Provided, however,* that for purposes of this Paragraph IV only, the terms Vendor, Sub-Vendor, and Acquired Vendor do not include any publicly-traded entity with at least one million shares of listed stock and a market capitalization of at least \$60 million.

**DETECTION OF UNAUTHORIZED BILLING  
OF TELECOMMUNICATIONS SERVICES**

**V.**

**IT IS FURTHER ORDERED** that, for purposes of satisfying the exclusion from liability provisos set forth in Paragraphs I and II above, Defendants and their Representatives shall take all necessary steps to ensure that they are not billing a Telecommunications Charge, or submitting any Telecommunications Charge for billing, on a Line Subscriber's telephone bill unless it has been Expressly Authorized. At a minimum, such steps shall include:

A. For each Acquired Vendor, within ninety (90) days of the date Defendants first submitted Call Records to a LEC for billing on behalf of such Acquired Vendor, and without prior notice to the Acquired Vendor, and where necessary for each Vendor and Sub-Vendor pursuant to Paragraph V(B) - (C):

1. Defendants shall identify a Sample of Billed Telephone Numbers and demand that such Vendor or Sub-Vendor provide records evidencing Express Authorization.
2. If within ten (10) business days of making the demand set forth in Paragraph V(A)(1), the Vendor or Sub-Vendor fails to provide records for each charge, Defendants shall suspend submitting Call Records to LECs for billing on behalf of such Vendor or Sub-Vendor by the end of the next business day and shall not resume the submission of Call Records on such entity's behalf until Defendants have received records purportedly evidencing Express Authorization and analyzed them pursuant to Paragraph V(A)(4).
3. If thirty (30) days following the date of the demand set forth in Paragraph V(A)(1), the Vendor or Sub-Vendor has failed to provide records evidencing Express Authorization, Defendants shall either:
  - (1) permanently cease submitting Call Records to the LECs for billing on behalf of the Vendor or Sub-Vendor; or
  - (2) undertake the "Third Review Test" procedures set forth in Paragraph V(D).
4. Within ten (10) business days of receiving the requested records from a Vendor or Sub-Vendor, Defendants shall examine the records to Verify that the Telecommunications Services were provided as billed.
5. If Defendants cannot Verify that ninety-five (95) percent or more of the records corresponding to the Sample of Billed Telephone Numbers show



that the Telecommunications Services were provided as billed, Defendants shall either:

- a. Permanently cease submitting Call Records to all LECs on behalf of such Vendor or Sub-Vendor by the end of the next business day;  
or
- b. Identify a Larger Sample of Billed Telephone Numbers within five (5) business days, make the demand described in Paragraph V(A)(1), and perform the steps outlined in Paragraph V(A)(2)-(4).

6. If, within ten (10) business days of making the demand in Paragraph V(A)(5)(b), Defendants cannot Verify that ninety-five (95) percent or more of the records corresponding to the Larger Sample of Billed Telephone Numbers show that the Telecommunications Services were provided as billed, Defendants shall either:

- a. Permanently cease submitting Call Records to all LECs for billing on behalf of such entity by the end of the next business day; or
- b. Suspend submitting Call Records to all LECs for billing on behalf of such entity by the end of the next business day until such time as Defendants have completed, and the Vendor or Sub-Vendor has passed, the Third Review Test set forth in Paragraph V(D).

B. For each Vendor and Sub-Vendor billing Telecommunications Services, Defendants shall calculate the following on a monthly basis:

1. The Regulatory Inquiry Rate;
2. The Vendor Inquiry Rate; and
3. The number of inquiries to each LEC about a Vendor's or Sub-Vendor's charges billed by Defendants and subsequently forwarded by the LEC to Defendants.

C. Within ten (10) business days of performing the calculations required by Paragraph V(B), or learning any of the information listed in Paragraph V(C)(4), Defendants shall identify a Sample of Billing Telephone Numbers and implement the procedures described in Paragraph V(A)(1) - (6) if any one of the following events occur with respect to any Vendor or Sub-Vendor:

1. The Regulatory Inquiry Rate exceeds 0.01 percent and there are at least two Regulatory Inquiries;
2. The Vendor Inquiry Rate exceeds 4.5 percent;
3. The number of, or percentage of, inquiries from consumers to any LEC exceeds that LEC's Applicable LEC Threshold; or
4. Defendants learn during the month that: (a) a Vendor or Sub-Vendor has been terminated from billing by an Aggregator or LEC; (b) a Vendor, Sub-Vendor, or any of its Owner(s), officer(s), director(s), or Principal(s), is subject to a current investigation by, or has been enjoined by, any state or federal authority from unauthorized billing; or (c) a Vendor's or Sub-Vendor's Owner(s), officer(s), director(s), or Principal(s) has been charged

with, convicted by a court of law of, or pled *nolo contendere* to, fraud or any other offense concerning dishonesty.

D. *Third Review Test.* If Defendants are required to implement the procedures in Paragraph V(A) for a particular Vendor or Sub-Vendor on three occasions within a twelve-month period, and Defendants have Verified at least ninety-five (95) percent of the records corresponding to either a Sample, or a Larger Sample, of Billed Telephone Numbers on the first two occasions, Defendants must implement the following “Third Review Test” within ten (10) business days of the third occasion that Defendants are required to implement the procedures in Paragraph V(A). Defendants also must implement the following “Third Review Test” if Defendants choose to conduct a Third Review Test pursuant to Paragraph V(A)(3) or V(A)(6)(b). The Third Review Test shall not be conducted by any sales agent or other person employed or used by Defendants to acquire Vendors as clients.

1. For Vendors and Sub-Vendors of Telecommunications Services (except Pic'd Services), Defendants shall identify a Third Review Sample and either: (a) request written confirmation directly from an independent third party, such as the Vendor's Carrier, the Vendor's payphone owner, or the applicable LECs, to substantiate that the calls corresponding to the Third Review Sample took place as billed; or (b) have Defendants' personnel monitor and observe the Vendor or Sub-Vendor extract from the Switch the records that substantiate that the calls corresponding to the Third Review Sample took place as billed. A Vendor or Sub-Vendor of Telecommunications Services (except Pic'd Services) passes the Third

Review Test if Defendants Verify at least ninety-seven and a half (97.5) percent of the calls in the Third Review Sample.

2. For Vendors and Sub-Vendors of Pic'd Services, Defendants shall identify a Third Review Sample and either: (a) demand the corresponding third-party verification recordings directly from an independent third-party verification company used by the Vendor or Sub-Vendor, Verify at least ninety-five (95) percent of the third-party verification recordings corresponding to the Third Review Sample, and take all necessary steps to determine that such recordings are Genuine; or (b) have Defendants' personnel monitor and observe the Vendor or Sub-Vendor extract from its files the written authorizations that correspond to the Billed Telephone Numbers in the Third Review Sample (without prior notice to the Vendor or Sub-Vendor of the Billed Telephone Numbers in the Third Review Sample), Verify at least ninety-five (95) percent of the charges corresponding to the Third Review Sample, and take all necessary steps to determine that the corresponding written authorizations are Genuine. A Vendor or Sub-Vendor of Pic'd Services passes the Third Review Test if Defendants Verify at least ninety-five (95) percent of the charges corresponding to the Third Review Sample and take all necessary steps to determine that the records corresponding to the Verified charges are Genuine.

3. For any Vendor or Sub-Vendor that fails the Third Review Test, Defendants shall, by the next business day, permanently cease submitting Call Records to all LECs for billing on behalf of any such Vendor or Sub-Vendor.

E. With respect to Vendors and Sub-Vendors that have passed a Third Review Test conducted pursuant to Paragraph V(D)(1) (except for those conducted as a result of Paragraph V(A)(3) or V(A)(6)(b)), Defendants are exempt from Paragraph V(D) and from identifying the Sample of Billed Telephone Numbers and implementing the procedures described in Paragraph V(A) during the twelve-month period that begins with the date Defendants first began the sampling procedures for such entity. *Provided, however*, that with respect to a Vendor or Sub-Vendor that passed a Third Review Test, and for which an event identified in Paragraph V(C) occurs during the twelve-month period beginning with the date Defendants first began sampling, Defendants shall, between sixty (60) and one hundred and twenty (120) days from the date on which an event identified in Paragraph V(C) occurred either: (1) conduct another Third Review Test; or (2) conduct the sampling described in Paragraph V(A), in which case the twelve-month exemption period will be terminated on the date Defendants begin the sampling process. *Provided further*, that if fewer than sixty (60) days remain in the twelve-month exemption period, Defendants shall promptly perform either Paragraph V(E)(1) or V(E)(2).

F. With respect to any Vendor or Sub-Vendor of Pic'd Services that has passed a Third Review Test, Defendants must conduct an additional Third Review Test on the third occasion that Defendants are required to sample pursuant to Paragraph V(C). Defendants must permanently cease submitting Call Records to all LECs on behalf of any Vendor or Sub-Vendor

that undergoes a Third Review Test three times within a twelve-month period beginning on the date that Defendants first began sampling such entity, but only if Defendants were unable to Verify one hundred (100) percent of the records corresponding to the Third Review Sample during at least one of the entity's three Third Review Tests.

G. If Defendants learn at any time that any Call Records submitted by a Vendor or Sub-Vendor have been materially altered from the information in Carrier Switch Records or have been otherwise fabricated, Defendants shall permanently cease submitting Call Records to all LECs for billing on behalf of such Vendor or Sub-Vendor by the end of the next business day.

H. If Defendants learn at any time that any Vendor or Sub-Vendor has materially misrepresented any material information submitted to Defendants, Defendants shall permanently cease submitting Call Records to all LECs for billing on behalf of such Vendor or Sub-Vendor by the end of the next business day.

I. Within five (5) business days of receiving an Escalated Regulatory Inquiry, Defendants shall:

1. Demand that the Vendor or Sub-Vendor associated with the Escalated Regulatory Inquiry produce records evidencing Express Authorization for the charge(s) listed in the Escalated Regulatory Inquiry.
2. If within ten (10) business days of making the demand set forth in Paragraph V(I)(1), Defendants cannot Verify that all of the charge(s) in the Escalated Regulatory Inquiry were Expressly Authorized, Defendants shall suspend submitting Call Records to all LECs on behalf of such entity by the end of the next business day and shall not resume the submission of

Call Records on such entity's behalf until Defendants have completed the procedures in Paragraph V(A)(1) - (6).

**CONSUMER REDRESS**

**VI.**

**IT IS FURTHER ORDERED** that Defendants shall pay to the FTC one million nine hundred thousand dollars (\$1,900,000). Defendants shall make the payment to the FTC by certified check or other guaranteed method of payment within ten (10) business days from the date of the entry of this Order.

**VII.**

**IT IS FURTHER ORDERED** that all funds paid pursuant to Paragraph VI shall be deposited into a fund administered by the Commission or its agent to be used for equitable relief, including, but not limited to, consumer redress and any attendant expenses for the administration of any redress fund. In the event that direct redress to consumers is wholly or partially impracticable or funds remain after redress is completed, the Commission may apply any remaining funds for such other equitable relief (including consumer information remedies) as it determines to be reasonably related to Defendants' practices alleged in the Complaint. Any funds not used for such equitable relief shall be deposited to the United States Treasury as disgorgement. Defendants shall have no right to challenge the Commission's choice of remedies under this Paragraph.

## COOPERATION WITH FTC COUNSEL

### VIII.

**IT IS FURTHER ORDERED** that Defendants shall, in connection with this action or any subsequent investigations related to or associated with the transactions or the occurrences that are the subject of the FTC's Complaint, cooperate in good faith with the FTC and appear, or cause each of their officers, employees, Representatives, or agents to appear, at such places and times as the FTC shall reasonably request, after written notice, for interviews, conferences, pretrial discovery, review of documents, and for such other matters as may be reasonably requested by the FTC. If requested in writing by the FTC, Defendants shall appear, or cause each of their officers, employees, Representatives, or agents to appear and provide truthful testimony in any trial, deposition, or other proceeding related to or associated with the transactions or the occurrences that are the subject of the Complaint, without service of a subpoena. The person appearing pursuant to this Paragraph VIII may have counsel present.

## RECORD KEEPING PROVISIONS

### IX.

**IT IS FURTHER ORDERED** that, for a period of eight (8) years from the date of entry of this Order, Defendants and their agents, employees, officers, corporations, successors, and assigns, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, are hereby restrained and enjoined from failing to create and retain the following records:



A. Accounting records that, in reasonable detail, accurately and fairly reflect the gross dollar amount processed and billed monthly, quarterly, and annually for each Vendor and Sub-Vendor;

B. Personnel records accurately reflecting the name, address, and telephone number of each person employed in any capacity by Defendants or their Representatives who performs billing, collection, and/or customer service functions; that person's job title and position; the date upon which the person commenced work; and the date and reason for the person's termination, if applicable. With respect to any independent contractor Defendants use to perform billing, collection, and/or customer service functions, Defendants are enjoined from: (1) failing to include in their contract with any independent contractor a requirement that the independent contractor create and retain the same personnel records as Defendants are required to create and maintain pursuant to this Subparagraph B, for a period of eight (8) years from the entry of this Order; (2) failing to take reasonable steps to monitor any independent contractor to ensure it creates and retains such records for a period of eight (8) years from the entry of this Order; and (3) failing to terminate any independent contractor who fails to create and retain such records for eight (8) years from the entry of this Order;

C. For each Billed Telephone Number to which Defendants or their Representatives, directly or through a LEC, have billed a charge, records that may be sorted by Billed Telephone Number, and by Vendor and Sub-Vendor, and that include the Billed Telephone Number, the number of billing records, the total charge amount, and the dates, amount, and description of each charge;

D. For each consumer inquiry of any kind or nature received by Defendants or their Representatives, whether directly or indirectly through a third party, records organized and retrievable by Billed Telephone Number, and by Vendor and Sub-Vendor, that include the dollar amount charged; the date and nature of the inquiry; the nature and result of any investigation conducted by Defendants or their Representatives concerning the inquiry; the date and amount of any credit issued if applicable; the date of any denial of a refund request; and any written correspondence between the consumer and the Defendants or their Representatives;

E. For each Vendor and Sub-Vendor for which Defendants or their Representatives provide Services, copies of all sales scripts, training materials, advertisements, and other marketing materials;

F. For each Vendor and Sub-Vendor for which Defendants or their Representatives provide Services, records Defendants or their Representatives received pursuant to Paragraph IV, and records containing both in the aggregate and on a monthly basis:

1. The total quantity and dollar amount of billing charges Defendants or their Representatives forwarded, directly or indirectly, to the LECs on behalf of the Vendor and Sub-Vendor;
2. The total quantity and dollar amount of LEC-rejected billing charges for each Vendor and Sub-Vendor;
3. The total number of inquiries received by Defendants or their Representatives, whether received directly or indirectly through a third party, concerning billing records sent to the LECs on behalf of the Vendor and Sub-Vendor;

4. The total dollar amount received by Defendants or their Representatives, from the LECs for each Vendor and Sub-Vendor;
5. The total dollar amount remitted by Defendants or their Representatives to the Vendor and Sub-Vendor;
6. The total dollar amount received by Defendants for providing Services to the Vendor and Sub-Vendor; and
7. The total quantity and dollar amount of all adjustments or credits issued and processed on behalf of the Vendor and Sub-Vendor;

G. All records and documents necessary to demonstrate full compliance with each provision of this Order, including but not limited to, the records listed in the definition of “Verify”; copies of acknowledgments of receipt of this Order required by Paragraph XII; all reports submitted to the FTC pursuant to Paragraphs X and XI; and all documents supporting the calculations required by Paragraphs V(B) and (C).

### **COMPLIANCE MONITORING**

#### **X.**

**IT IS FURTHER ORDERED** that, for the purpose of monitoring and investigating compliance with any provision of this Order:

A. Within ten (10) business days of receipt of written notice from a representative of the Commission, Defendants shall submit additional written reports, sworn to under penalty of perjury; produce documents for inspection and copying; appear for deposition; and provide entry during normal business hours to any business location in Defendants' possession or direct or indirect control to inspect the business operation;

B. In addition, the Commission is authorized to monitor compliance with this Order by all other lawful means, including but not limited to the following:

1. Obtaining discovery from any person, without further leave of court, using the procedures prescribed by Fed. R. Civ. P. 30, 31, 33, 34, 36, and 45;  
and
2. Posing as consumers and suppliers to Defendants' employees, or any other entity managed or controlled in whole or in part by Defendants, without the necessity of identification or prior notice;

C. Defendants shall permit representatives of the Commission to interview any employer, consultant, independent contractor, representative, agent, or employee who has agreed to such an interview, relating in any way to any conduct subject to this Order. The person interviewed may have counsel present.

*Provided, however,* that nothing in this Order shall limit the Commission's lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1, to obtain any documentary material, tangible things, testimony, or information relevant to unfair or deceptive acts or practices in or affecting commerce (within the meaning of 15 U.S.C. § 45(a)(1)).

## COMPLIANCE REPORTING BY DEFENDANTS

### XI.

**IT IS FURTHER ORDERED** that, in order that compliance with the provisions of this Order may be monitored:

A. For a period of five (5) years from the date of entry of this Order, Defendants shall notify the Commission of any changes in corporate structure of any Defendant that may affect compliance obligations arising under this Order, including but not limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor entity; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order; the filing of a bankruptcy petition; or a change in the corporate name or address, at least thirty (30) days prior to such change, *provided* that, with respect to any proposed change in the corporation about which a Defendant learns less than thirty (30) days prior to the date such action is to take place, the Defendant shall notify the Commission as soon as is practicable after obtaining such knowledge.

B. One hundred eighty (180) days after the date of entry of this Order, Defendants shall each provide a written report to the FTC, sworn to under penalty of perjury, setting forth in detail the manner and form in which they have complied and are complying with this Order.

This report shall include, but not be limited to:

1. A copy of each acknowledgment of receipt of this Order, obtained pursuant to Paragraph XII;
2. A list of all Vendors and Sub-Vendors to which Defendants declined, pursuant to Paragraph IV, to provide Services;

3. A list of all Vendors and Sub-Vendors for which Defendants identified a Larger Sample of Billed Telephone Numbers and the results of any analysis of such Larger Sample pursuant to Paragraph V(A)(6);
4. A list of all Vendors and Sub-Vendors who have undergone a Third Review Test, and the results of the Third Review Test;
5. A list of all Vendors and Sub-Vendors for which Defendants have permanently ceased providing Services pursuant to Paragraph IV(W) and Paragraph V, and the reasons therefore; and
6. Any other changes required to be reported under Paragraph XI(A).

C. For the purposes of this Order, Defendants shall, unless otherwise directed by the Commission's authorized representatives, send by overnight mail all written notifications to the Commission to:

Associate Director, Division of Enforcement  
Federal Trade Commission  
600 Pennsylvania Avenue, NW  
Washington, DC 20580

Re: *FTC v. Nationwide Connections, Inc., et al.*  
S.D. Fla. 06-CIV 80180

D. For purposes of the compliance reporting and monitoring required by this Order, the Commission is authorized to communicate directly with Defendants.

**DISTRIBUTION OF ORDER BY DEFENDANTS**

**XII.**

**IT IS FURTHER ORDERED** that, for a period of five (5) years from the date of entry of this Order, Defendants shall deliver copies of this Order as directed below:

A. Defendants must deliver a copy of this Order to each of their Principals, officers, directors, and managers. Defendants must also deliver copies of this Order to all of their employees, agents, and Representatives who engage in conduct related to the subject matter of this Order. For current personnel, delivery shall be within five (5) business days of service of this Order upon Defendants. For new personnel, delivery shall occur prior to them assuming their responsibilities;

B. Defendants must deliver a copy of this Order to each of the Vendors, Sub-Vendors, and each of the local exchange carriers with which they do business; and

C. Defendants must secure a signed and dated statement acknowledging receipt of this Order, within thirty (30) days of delivery, from each Person receiving a copy of the Order pursuant to this Paragraph.

**ACKNOWLEDGMENT OF RECEIPT OF ORDER BY DEFENDANTS**

**XIII.**

**IT IS FURTHER ORDERED** that each Defendant must, within five (5) business days of receipt of this Order as entered by the Court, submit to the Commission a truthful sworn statement acknowledging receipt of this Order.

**RETENTION OF JURISDICTION**

**XIV.**

**IT IS FURTHER ORDERED** that this Court shall retain jurisdiction of this matter for purposes of construction, modification and enforcement of this Order.

**ENTRY OF JUDGMENT**

**XV.**

**IT IS FURTHER ORDERED** that, pursuant to Fed. R. Civ. P. 54(b), there is no just reason for delay and the Clerk of the Court is directed to enter this Stipulated Final Judgment forthwith.

**SO ORDERED**, this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
KENNETH L. RYSKAMP  
UNITED STATES DISTRICT JUDGE



FOR PLAINTIFF FEDERAL TRADE COMMISSION:



Dated: March 13, 2008

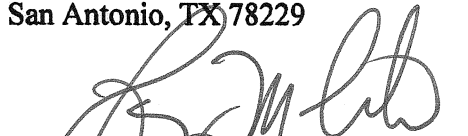
LAURA KIM  
COLLOT GUERARD  
RICHARD McKEWEN  
ROBERT SCHOSHINSKI  
*Attorneys for Plaintiff*  
Federal Trade Commission  
600 Pennsylvania Ave., NW, Rm. 288  
Washington, D.C. 20580

FOR DEFENDANTS:



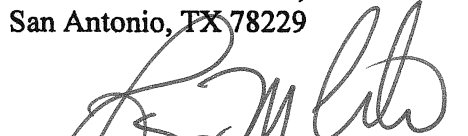
Dated: 1/18/08

GREG CARTER  
President  
BSG Clearing Solutions North America, LLC  
7411 John Smith Drive, Suite 1500  
San Antonio, TX 78229



Dated: 1/18/08

GREG CARTER  
President  
Billing Concepts, Inc.  
7411 John Smith Drive, Suite 1500  
San Antonio, TX 78229



Dated: 1/18/08

GREG CARTER  
President  
ACI Billing Services, Inc., d/b/a OAN  
7411 John Smith Drive, Suite 1500  
San Antonio, TX 78229

Dated: \_\_\_\_\_

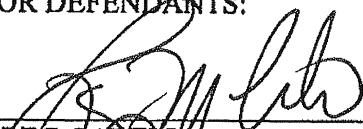
ANDREW G. BERG  
*Counsel for Defendants*  
King & Spalding LLP  
1700 Pennsylvania Ave., N.W.  
Washington, DC 20006

FOR PLAINTIFF FEDERAL TRADE COMMISSION:

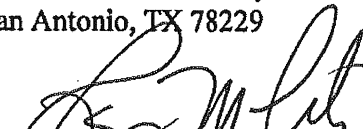
Dated: \_\_\_\_\_

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LAURA KIM  
COLLOT GUERARD  
RICHARD McKEWEN  
ROBERT SCHOSHINSKI  
*Attorneys for Plaintiff*  
Federal Trade Commission  
600 Pennsylvania Ave., NW, Rm. 288  
Washington, D.C. 20580

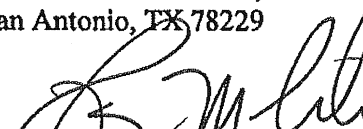
FOR DEFENDANTS:

  
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GREG CARTER  
President  
BSG Clearing Solutions North America, LLC  
7411 John Smith Drive, Suite 1500  
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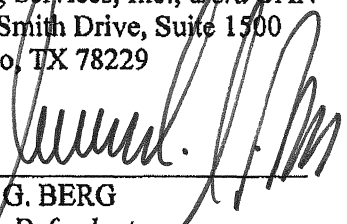
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\_\_\_\_\_  
GREG CARTER  
President  
ACI Billing Services, Inc., d/b/a QAN  
7411 John Smith Drive, Suite 1500  
San Antonio, TX 78229

Dated: 1/18/08

  
\_\_\_\_\_  
ANDREW G. BERG  
*Counsel for Defendants*  
King & Spalding LLP  
1700 Pennsylvania Ave., N.W.  
Washington, DC 20006

Dated: 1/18/08

## APPENDIX A

### **Requirements for Selection of Sample of BTNs for New Vendors and Sub-Vendors Pursuant to Paragraphs IV(T) and (U)**

1. Each Sample of BTNs will be drawn from among all Billed Telephone Numbers associated with Call Records submitted for billing by a particular New Vendor or Sub-Vendor to Defendants.
2. Prior to drawing a Sample of BTNs, all Billed Telephone Numbers submitted by a particular Vendor or Sub-Vendor shall be sorted in ascending order by the 10-digit telephone number to be billed. Multiple Call Records associated with the same 10-digit Billed Telephone Number shall be sorted in chronological order (from oldest to most recent).
3. The specific Billed Telephone Numbers to be included in a Sample of BTNs shall be drawn from the population of Billed Telephone Numbers submitted by a particular New Vendor or Sub-Vendor using a commercially-available computer program that generates random values between 0 and 1 or that generates samples out of a population of a specified size. The program must allow for the replication of the random numbers or sample members generated by allowing the user to specify a starting or "seed" value.
4. The seed or starting value to be used in drawing the Sample of BTNs shall be of the form xxyyzz where xx, yy, and zz are the month, day, and year of the final date of the three-month time period from which the sample is drawn. For example, if the three-month time period ends on January 8, 2008, the seed for a Sample of BTNs from that applicable time period would be 010808.
5. If the program generates random numbers, the specific Billed Telephone Numbers in the Sample of BTNs will be determined by multiplying each random number by the total number of Call Records in the relevant population and rounding the resulting number to the nearest integer.
6. If the Sample of BTN's includes the same BTN more than one time, the sample shall be expanded to the required size by expanding the size of the sample generated by the computer program using the specified start value until the required number of distinct records is obtained.
7. For a period of five years following the drawing of each Sample of BTNs, Defendant shall maintain records sufficient to document compliance with these procedures in the drawing of that sample, including but not limited to the Billed Telephone Numbers from which the sample is drawn, the starting or "seed" value used in generating the sample, and the program used to generate the random values.