Decision 12-11-043 November 29, 2012

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Tele Circuit Network Corporation for Registration as an Interexchange Carrier Telephone Corporation pursuant to the provisions of Public Utilities Code Section 1013.	Application 11-10-005 (Filed October 6, 2011)

DECISION ADOPTING SETTLEMENT AGREEMENT AND GRANTING CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO TELE CIRCUIT NETWORK CORPORATION

1. Summary

This decision (1) grants the joint motion of the Consumer Protection and Safety Division and Tele Circuit Network Corporation for adoption of their settlement agreement; and (2) grants Tele Circuit Network Corporation a Certificate of Public Convenience and Necessity to provide inter- and intra-local access and transport area services in California as a switchless reseller subject to the terms and conditions set forth below.

This proceeding is closed.

2. Background

Tele Circuit Network Corporation (Tele Circuit or Applicant) is a telecommunications company based in the State of Georgia that operates as a switchless reseller of local and long distance services nationwide. On July 7, 2003, it registered with the California Secretary of State. On January 26, 2004, the Commission granted Tele Circuit a Certificate of Public Convenience and

Necessity (CPCN) to provide inter- and intra-Local Access and Transport Area (LATA) telecommunications services in California.[1] On November 20, 2009, the Commission revoked Tele Circuit's CPCN for failing to comply with the Commission's surcharge and fee-reporting requirements,[2] and Tele Circuit has been operating as a switchless reseller in California without a valid CPCN.

3. Procedural Facts

On October 6, 2011, Tele Circuit filed an Application (A.) 11-10-005 with the Commission to register as an interexchange carrier. In its Application, Tele Circuit requests a CPCN to do business as a switchless reseller of long distance services in California.

On November 11, 2011, the Commission's Consumer Protection and Safety Division (CPSD) filed a Protest to A.11-10-005 for the following reasons: 1) Tele Circuit has been providing telecommunications services in California without a CPCN from the Commission; 2) Tele Circuit was not responsive to CPSD's data requests and to CPSD's Notice to Cease and Desist (C&D Notice); 3) Tele Circuit was investigated by the Federal Communications Commission (FCC) for failing to comply with Consumer Proprietary Network Information (CPNI) reporting requirements;[3] 4) the Commission's Consumer Affairs Branch (CAB) received twenty consumer complaints against Tele Circuit; 5) consumer

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[1] Decision (D.) 04-01-058.

[2] Resolution T-17228 (Operating Authority Revocation of Licenses of Telephone Corporations For Their Failure To Comply With The Commission's Reimbursement Account Fee Filing And Reporting Requirements Of Public Utilities Code §§ 401 Through 435).

[3] *In the Matter of Tele Circuit Network Corporation*; released March 29, 2011, (File No. EB-08-TC-5565); DA 11-545.

complaints were lodged against Tele Circuit on www.RipoffReport.com and www.classactionconnect.com regarding slamming[4] and cramming[5] issues; 6) the FCC reported two slamming violations against Tele Circuit; and 7) concerns about the fitness of Tele Circuit's Chief Executive Officer, Ashar Syed, to operate the company.

On February 10, 2012, Tele Circuit filed its Response to CPSD's November 14, 2011 Protest. On February 23, 2012, the Commission's Docket Office rejected Tele Circuit's Response because it was untimely.

On February 28, 2012, the assigned Administrative Law Judge (ALJ) issued a Ruling setting a prehearing conference and instructed the parties to meet and confer. In response, on March 1, 2012, CPSD and Tele Circuit jointly requested an extension of time to engage in settlement discussions and to conduct discovery. The assigned ALJ granted additional extensions up to May 9, 2012.

On May 8, 2012, the parties reached a settlement in principle which was later reduced to a written agreement that the parties executed on May 24, 2012.

Also on May 24, 2012, the parties filed a Joint Motion for adoption of their settlement.[6]

The assigned ALJ sought additional information which the parties provided on August 7, 2012.

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[4] Slamming is the submission or execution of an unauthorized change in a subscriber's selection of a presubscribed telecommunications carrier and is unlawful under Public Utilities Code § 2889.5.

[5] Cramming is the submission or inclusion of unauthorized, misleading, or deceptive charges for products or services on a subscriber's telephone bill and is unlawful under Public Utilities Code §§ 2889.5 and 2890.

[6] Attachment E hereto.

4. The Settlement Resolves the Issues Raised in CPSD's Protest

Initially, we note that the Settlement Agreement addresses the issues CPSD raised. First, in its Protest, CPSD identified that 400 primary interexchange carrier disputes, twenty consumer complaints, two FCC slamming violations, and various slamming and cramming complaints on www.RipoffReport.com and have been lodged against Tele Circuit.[7] CPSD notes that "Tele Circuit has responded in detail to CPSD's concerns regarding primary inter-exchange carrier disputes and slamming complaints." CPSD has also provided an e-mail from Ashar Syed, president of Tele Circuit, as well as a chart entitled "California Complaints information" which detail how each complaint was resolved to the consumer's satisfaction. Second, all of the disputes and complaints were factored into arriving at the negotiated $32,500.00 penalty. Third, Tele Circuit agrees to use its best efforts to file any and all reports required by the Commission as long as Tele Circuit continues to provide services in California. Fourth, in view of this settlement, CPSD agrees that the authority Tele Circuit requested in A.11-10-005 should be granted and that CPSD hereby withdraws its Protest. While it is true that the Settlement Agreement addresses the issue CPSD raised in its Protest, we must separately determine whether the proposed settlement satisfies the standards for the approval of a settlement agreement.

5. Discussion for Approval of Settlement

5.1. The Standards

The standard of review for settlement agreements is set forth in our Rules of Practice and Procedure, Rule 12.1(d), which states as follows:

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[7] Protest at 3-4.

> The Commission will not approve settlements, whether contested or uncontested, unless the settlement is reasonable in light of the whole record, consistent with law, and in the public interest.

The proponents of a settlement have the burden of demonstrating that the settlement satisfies Rule 12.1(d).

The Commission favors the settlement of disputes. (*See*, e.g., D.07-05-060.) This policy supports many goals, including reducing the expense of litigation, conserving scarce Commission resources, and allowing parties to reduce the risk that litigation will produce unacceptable results. (*Id*. Slip Op. at 6.) The policy favoring settlements weighs against the Commission's alteration of uncontested settlements such as the one before us here. (*Id*.) As long as a settlement is reasonable in light of the whole record, consistent with the law, and in the public interest, it should normally be adopted without alteration.[8]

As noted above, the Settlement Agreement requires Tele Circuit to pay a fine of $32,500.00. For determining the reasonableness of the settlement amount, it will be helpful to examine the Commission's general criteria for establishing the amount of a fine that are set forth in D.98-12-075 (84 CPUC2d 155, 188-90). The criteria of reasonableness of fines, can be broken down further into these considerations:

1. Harm to the Regulatory Process: A high level of severity will be accorded to violations of statutes or Commission directives.
2. Number and Scope of Violations: A single violation is less severe than multiple offenses. A violation that affects many consumers is worse than one that is limited in scope.

[8] D.06-06-014, Slip Op. at 12.

3. Utility's Actions to Prevent a Violation: Utilities are expected to take reasonable steps to comply with applicable laws and regulations. The utility's past record of compliance may be considered in assessing a penalty.
4. Utility's Actions to Detect a Violation: Utilities are expected to diligently monitor their activities. Deliberate, as opposed to inadvertent wrongdoing, is an aggravating factor.
5. Utility's Actions to Disclose and Rectify a Violation: Steps taken by a utility to promptly report and correct violations may be considered in assessing a penalty.
6. Need for Deterrence: Fines should be set at a level that deters future violations. Effective deterrence requires that the size of a fine reflect the financial resources of the utility.
7. Degree of Wrongdoing: The Commission will review facts that tend to mitigate the degree of wrongdoing as well as facts that tend to exacerbate the wrongdoing.
8. Consistency with Precedent: Any decision that levies a fine should address previous decisions that involve reasonably comparable circumstances and explain any substantial differences in outcome.
9. Public Interest: In all cases, the harm will be evaluated from the perspective of the public interest.

5.2. Application of the Legal Standards to the Facts.

5.2.1. Reasonable in Light of the Whole Record

A proposed settlement is reasonable, inter alia, if it saves the Commission significant expenses and use of its resources, when compared to the risk, expense, complexity, and likely duration of further proceedings, while still protecting the public interest. (In re Southern California Gas Co. (1999) D.00-09-034, 2000 Cal. PUC LEXIS 694, at p. *29.) Generally, the parties' evaluation should carry material weight in the Commission's review of a settlement. (*Id*. at *31.)

The parties' evaluation of the issues leading to settlement is based in large part on facts that were addressed in the Application, Protest, the stipulated facts set forth in the Settlement Agreement, and through the discussions between the parties and their counsel. These sources, and the Settlement Agreement itself, provide sufficient information to enable the Commission to (1) approve the Settlement Agreement as reasonable; (2) implement its provisions, terms, and conditions; and (3) discharge its future regulatory obligations with respect to Tele Circuit. The fine in the settlement is in the range for fines typically imposed in cases of claimed Rule 1 violations, even those claimed to be inadvertent.[9]

The Settlement also avoids the expenditure of Commission resources that would otherwise have been necessary if the parties had chosen to litigate this matter. Thus, there is a net public benefit to adopting the Settlement Agreement that makes it reasonable in light of the whole record.

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[9] *See* cases cited, *infra*, at § 5.2.3 of this Decision.

5.2.2. Consistent with Commission Precedent

Pursuant to D.98-12-075, the Commission is expected to refer to previous Commission decisions which have comparable factual circumstances in determining a penalty. Therefore, to accept a recommended settlement amount, we have looked to the following decisions and settlements as applicable precedent:

- In D.06-04-048, the Commission fined New Century Telecom, Inc. $55,000.00 for violating Rule 1.1 for failure to remit fees, and for cramming violations under Pub. Util. Code §§ 2889 and 2890.
- In D.03-01-079, the Commission fined Titan Telecommunications $35,000.00 for a Rule 1.1 violation.
- In D.05-02-001, the Commission fined Miko Telephone Communications $45,000.00 for slamming, cramming, failing to remit regulatory fees, and Rule 1.1 violations.
- In D.11-04-009, the Commission fined NobelBiz VoIP Services, Inc. $12,000.00 for failing to disclose multiple regulatory sanctions that the FCC issued.
- In D.11-07-021, the Commission fined Metropolitan Telecommunications of California, Inc. $8,000.00 for failing to disclose that the FCC had fined the applicant eight times between 2002 and 2008.

Given these penalty ranges, the Commission finds that the penalty in the amount of $32,500.00 is within the acceptable range of prior precedent.

5.2.3. Consistent with the Law

In deciding whether the Settlement Agreement is consistent with the law, the Commission must assess whether the Settlement complies with all applicable statutes and Commission decisions. We find that nothing in the Settlement contravenes any statutory provisions or prior Commission decisions, and it provides sufficient information for the Commission to discharge its future

regulatory obligations with respect to the parties. The Settlement does not contradict current Commission rules and it does not constitute a precedent regarding any principle or issue in this proceeding or any future proceeding.

5.2.4. The Public Has Not Been Physically Harmed by Tele Circuit's Actions.

There are no facts to suggest that any consumer has been physically harmed by Tele Circuit's actions.

5.2.5. Tele Circuit has Rectified Any Economic Harm to the Consumers.

Economic harm reflects the amount of expense which was imposed upon the victims, and any unlawful benefits gained by the public utility. (D.98-12-075 at 37.) As CPSD has noted, Tele Circuit has resolved the outstanding claims to each consumer's satisfaction.

5.2.6. Tele Circuit's Harm to the Regulatory Process will be Rectified by the Commission's Approval of the Parties' Joint Motion.

Tele Circuit has admitted that it operated in California without proper authority from the Commission from November 2009 to the present in violation of Pub. Util. Code §§ 702 and 1013(a). Tele Circuit has acknowledged this failure in the accompanying Settlement Agreement and has agreed to pay a total fine that takes this violation into account. Further, Tele Circuit has agreed to comport itself in conformity with the Commission's rules, orders, and applicable statutes.

5.2.7. Tele Circuit has Taken Steps to Detect and Prevent Future Violations.

As noted in the e-mail from its president, Ashar Syed, Tele Circuit has taken strict measures to decrease any kinds of complaints against the company, and CPSD is satisfied with that representation.

5.2.8. The Amount of the Fine Will Deter Future Violations.

The parties have agreed to a penalty amount that sends a strong message to Tele Circuit while at the same time does not cripple the company's ability to conduct business in California.

5.2.9. The Settlement is in The Public Interest

The public interest demands that the Commission protect and defend consumers who utilize telecommunications to ensure that users are paying for the services that they've authorized and are charged a fair rate. Thus, a settlement that rectifies a regulated entity's infractions with the consumers and ensures on-going compliance with Commission rules, statutes, and other applicable laws should be encouraged.

6. Conclusion

The Commission finds that the Settlement Agreement satisfies the criteria of Rule 12.1(d) and D.98-12-075 and should be adopted as it is reasonable and in the public interest. The Settlement Agreement is an all-party settlement as CPSD and Applicant are the only active parties in this proceeding. The settling parties have had sufficient opportunity to review and discuss the terms of the Settlement Agreement. Accordingly, we adopt the Settlement Agreement, and Applicant is granted a CPCN to provide switchless interexchange services in California consistent with the terms and conditions set forth in the Settlement Agreement as well as Exhibits A, B, C, and D attached to this Decision.

7. Requirements for Certification as an Interexchange Carrier Telephone Corporation pursuant to Pub. Util. Code § 1013

In assessing whether a CPCN should be granted, the Commission reviews a number of criteria which we address below.

7.1. Financial Qualifications of Applicant

To be granted a CPCN, an applicant seeking authority to register as an Interexchange Carrier (IEC) in order to operate as a switchless reseller must demonstrate that it has a minimum of $25,000 of cash or cash equivalent to meet the firm's start-up expenses.[10] An applicant must also demonstrate that it has sufficient additional resources to cover all deposits required by local exchange carriers (LECs) and/or IECs in order to provide the proposed service.[11] Applicant provided bank statements that demonstrate that it has sufficient cash to satisfy these financial requirements. Additionally, applicant has provided evidence of an indemnity bond to the Commission in the amount of $25,000.

We find that Applicant has met our requirement that it possesses sufficient financial resources to fund its operations.

7.2 Technical Qualifications of Applicant

Applicants for IEC authority are required to make a reasonable showing of technical expertise in telecommunications or a related business. To meet this requirement, Applicant submitted biographical information on its officers that

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[10] The financial requirement for Competitive Local Carriers (CLC) is contained in D.95-12-056, Appendix C. The financial requirement for Non-Dominant Interexchange Carriers (NDIEC) is contained in D.91-10-041.

[11] The requirement for CLC applicants to demonstrate that they have additional financial resources to meet any deposits required by underlying LECs and/or IECs is set forth in D.95-12-056, Appendix C. For NDIECs, the requirement is found in D.93-05-010.

demonstrates that it possesses sufficient experience and knowledge to operate as a telecommunications provider.

We find that Applicant is technically qualified to operate as an IEC.

7.3 Tariffs

In its Application, Tele Circuit claims it is eligible for an exemption from the tariffing requirements set out in Commission D.98-08-031. Tele Circuit's request for an exemption is granted.

8. Waiver of Comment Period

This decision adopts the Settlement Agreement resolving all of the issues raised by the only protest in this proceeding. This is now an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Pub. Util. § 311(g)(2) and Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is waived.

9. Assignment of Proceeding

Catherine J.K. Sandoval is the assigned Commissioner and Robert M. Mason III is the assigned ALJ in this proceeding.

Findings of Fact

1. Tele Circuit is a Georgia corporation. Its principal executive office is 1815 Satellite Boulevard, Suite 504, Duluth, Georgia 30097.
2. Tele Circuit is a "telephone corporation" under California Public Utilities Code § 234, and plans to operate as a "switchless reseller" of long distance services in California.
3. Tele Circuit registered with the California Secretary of State on July 7, 2003.

4. On January 26, 2004, the Commission in D.04-01-058[12] granted Tele Circuit a CPCN to provide inter- and intra-LATA telecommunications services in California.

5. On November 20, 2009, the Commission in Resolution T-17228 revoked Tele Circuit's CPCN for failing to comply with the Commission's surcharge and fee reporting requirements.

6. From November 20, 2009 to present, Tele Circuit has operated as a switchless reseller in California without a CPCN.

7. On October 6, 2011, Tele Circuit filed A.11-10-005 with the Commission to register as an interexchange carrier. In its Application, Tele Circuit requests a CPCN to do business as a switchless reseller of long distance services in California.

8. On November 11, 2011, CPSD filed Protest to A.11-10-005 for the following reasons: 1) Tele Circuit has been providing telecommunications services in California without a CPCN from the Commission; 2) Tele Circuit was not responsive to CPSD's data requests and to CPSD's C&D Notice; 3) Tele Circuit was investigated by the FCC for failing to comply with CPNI reporting requirements[13]; 4) the Commission's CAB received twenty consumer complaints against Tele Circuit; 5) consumer complaints were lodged against Tele Circuit on www.RipoffReport.com and www.classactionconnect.com regarding slamming and cramming issues; 6) the FCC reported two slamming violations against

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[12] D.04-01-058 – *In the Matter of the Application of Tele Circuit Network Corporation, a Georgia Corporation, for a Certificate of Public Convenience and Necessity to Provide InterLATA and IntraLATA Telecommunications Service in California as a Switchless Reseller*, dated January 26, 2004.

[13] *In the Matter of Tele Circuit Network Corporation*; released March 29, 2011, (File No. EB-08-TC-5565); DA 11-545.

Tele Circuit; and 7) concerns about the fitness of Tele Circuit's Chief Executive Officer, Ashar Syed, to operate the company.

9. Tele Circuit has resolved each of the consumer complaints identified in CPSD's Protest.

10. Tele Circuit has satisfactorily resolved its CPNI reporting requirement issues with the FCC.

11. Tele Circuit has responded to CPSD's data requests.

12. CPSD's concerns regarding the fitness of Tele Circuit's Chief Executive Officer, Ashar Syed, have been resolved.

13. After discussions and negotiations concerning the specific facts and circumstances at issue between the Parties, and mindful of the fact that litigating the matters at issue could be costly, time-consuming and uncertain, the Parties have determined that they wish to resolve any disputes relating to A.11-10-005 voluntarily through a settlement, without the need for litigation.

14. The Commission has previously found in D.05-02-001 that operating as a telephone corporation without proper Commission authority violates Pub. Util. Code § 1013(a) and subjects the offending party to penalties pursuant to Pub. Util. Code §§ 2107 and/or 2108.

15. Tele Circuit has cooperated with CPSD in resolving the issues raised by CPSD in its Protest of A.11-10-005.

16. The execution of this Settlement shall not constitute an admission of any fact nor agreement to any legal position by either CPSD or Applicant except that Tele Circuit acknowledges that it operated in California without proper authority from the Commission from November 2009 to present in violation of Pub. Util. Code §§ 702 and 1013(a). Tele Circuit claims that it did so without the intent to violate the aforementioned Code sections.

17. Tele Circuit agrees to pay a fine of $32,500 to the California State General Fund, pursuant to the payment schedule described in Ordering Paragraph 3 below.

18. Tele Circuit agrees to use its best efforts to timely file any and all reports required by the Commission as long as Tele Circuit continues to provide services in California.

19. Applicant has a minimum of $25,000 of cash or cash equivalent that is reasonably liquid and readily available to meet its start-up expenses.

20. Applicant has sufficient additional cash or cash equivalent to cover any deposits that may be required by other telecommunications carriers in order to provide the proposed service.

21. Applicant possesses sufficient experience and knowledge to provide telecommunications services.

22. Applicant is eligible for an exemption from tariffing requirements as set forth in D. 98-08-031.

23. CPSD agrees that the authority requested by Tele Circuit in A.11-10-005 should be granted and hereby withdraws its Protest.

24. Notice of the Application appeared in the Daily Calendar on October 13, 2011.

25. A hearing is not required.

Conclusions of Law

1. The proposed all-party Settlement Agreement filed in this proceeding, including all of its terms and conditions, is reasonable in light of the whole record and is consistent with the applicable law, and its adoption would be in the public interest.

2. The proposed all-party Settlement Agreement, attached hereto as Attachment E, should be approved and adopted.

3. Tele Circuit Network Corporation should pay a fine of $32,500.00 to the General Fund of the State of California in the manner set forth in the Order below.

4. Tele Circuit Network Corporation should be granted a certificate of public convenience and necessity to provide switchless interexchange services in California subject to the conditions set forth in the attached Settlement Agreement, as well as Attachments A , B (Requirements Applicable to Competitive Local Exchange Carriers and Non-Dominant Interexchange Carriers); C (Annual Report); and D (Calendar Year Affiliate Transaction Report).

5. Applicant has the financial ability to provide the proposed service.

6. Applicant has sufficient technical expertise to operate as a telecommunications carrier.

7. Based on the circumstances of the settlement that was reached, it is appropriate for CPSD to withdraw its protest.

8. Public convenience and necessity require that Applicant's interexchange services be subject to the terms and conditions set forth herein.

9. Since Applicant will not be constructing any facilities, it can be seen with certainty that there will be no significant effects on the environment.

10. Applicant should be subject to the applicable Commission rules, decisions, General Orders, and statutes that pertain to California public utilities.

11. Because of the public interest in competitive interexchange services, the following order should be effective immediately.

O R D E R

IT IS ORDERED that:

1. The Settlement Agreement, between Tele Circuit Network Corporation and Consumer Protection and Safety Division attached hereto as Attachment E, is adopted.

2. The Commission grants to Tele Circuit Network Corporation a Certificate of Public Convenience and Necessity to provide switchless interexchange services in California subject to the conditions set forth herein.

3. The corporate identification number assigned to Tele Circuit Network Corporation, U-7244-C, must be included in the caption of all original filings with this Commission, and in the titles of other pleadings to be filed.

4. Within 15 days of the effective date of this decision, Tele Circuit Network Corporation (Tele Circuit) shall make a payment of $10,000 to the California Public Utilities Commission. The remaining $22,500 shall be paid to the Commission in 15 monthly installments of $1,500 each. The 15 installment payments shall be due beginning three months after the due date for the initial payment. Tele Circuit shall be deemed in default if payment pursuant to this Paragraph is not made within 5 days of each payment due date. Should Tele Circuit default on any of its payments, the Commission's Consumer Protection and Safety Division may seek Commission revocation of Tele Circuit's Certificate of Public Convenience and Necessity and proceed with appropriate actions to collect any portion of the settlement amount still owed pursuant to the Settlement Agreement.

5. All payments shall be paid by a separate check or money order and made payable to the California Public Utilities Commission. The memo section of each check shall state "For Deposit to the State General Fund per Decision 12-11-043." Payments shall be sent to the following address:

California Public Utilities Commission
Attn: Fiscal Office Room 3000
505 Van Ness Avenue
San Francisco, CA 94102

6. A copy of each check shall be sent to Linda Woods, Consumer Protection and Safety Division Supervisor at the following address:

California Public Utilities Commission
Attn: Linda Woods
505 Van Ness Avenue, 2nd Floor
San Francisco, CA 94102

7. The authority to render service under the rates, charges, and rules authorized, will expire if not exercised within 12 months after the effective date of this order.

8. Tele Circuit Network Corporation must comply with the Commission's rules and regulations for interexchange carriers set forth in Decision (D.) 93-05-010 and D.90-08-032, as well as all other applicable Commission rules, decisions, General Orders, and statutes that pertain to California public utilities, subject to the exemptions granted in this decision.

9. Tele Circuit Network Corporation must comply with the requirements applicable to interexchange carriers included in Attachment B to this decision.

10. Tele Circuit Network Corporation must comply with the requirements for annual reporting set forth in Attachment C to this decision.

11. Tele Circuit Network Corporation must comply with the requirements for calendar year affiliate transaction report requirements set forth in Attachment D to this decision.

12. Application 11-10-005 is closed.

This order is effective today.

Dated November 29, 2012, at San Francisco, California.

MICHAEL R. PEEVEY
President
TIMOTHY ALAN SIMON
MICHEL PETER FLORIO
CATHERINE J.K. SANDOVAL
MARK J. FERRON
Commissioners

ATTACHMENT A

ATTACHMENT A

Page 1

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(END OF ATTACHMENT A)

ATTACHMENT B

ATTACHMENT B

REQUIREMENTS APPLICABLE TO COMPETITIVE LOCAL EXCHANGE CARRIERS AND INTEREXCHANGE CARRIERS

1. Applicant must file, in this docket with reference to this decision number[1] a written acceptance of the certificate granted in this proceeding within 30 days of the effective date of this order.

2. All carriers authorized by this Commission to operate in California are required to assess surcharges and user fees on their end-user intrastate service revenue, and must comply with the reporting and payment filing requirements in accordance with the directions of the Commission.

Tele Circuit Network Corporation is subject to the following fees and telephone surcharges that must be filed and remitted on a regular basis, even if the amount due is zero.

a. The current 1.15% surcharge applicable to all intrastate services except for those excluded by Decision (D.) 94-09-065, as modified by D.95-02-050, to fund the Universal Lifeline Telephone Service (Public Utilities (PU) Code § 879; Resolution T-17071, effective April 1, 2007);

b. The current 0.20% surcharge applicable to all intrastate services except for those excluded by D.94-09-065, as modified by D.95-02-050, to fund the California Relay Service and Communications Devices Fund (PU Code § 2881; Resolution T-17127 effective January 1, 2008);

[1] Written acceptance filed in this docket does not reopen the proceeding.

c. The user fee provided in PU Code §§ 431-435, which is 0.18% of gross intrastate revenue for the 2007-2008 fiscal year (Resolution M-4819); the minimum annual user fee for registration license holders is $100;

d. The current 0.40% surcharge applicable to all intrastate services except for those excluded by D.94-09-065, as modified by D.95-02-050, to fund the California High Cost Fund-A (PU Code § 739.30; D.96-10-066, pp. 3-4, App. B, Rule 1.C; set by Resolution T-17357, effective July 1, 2012);

e. The current 0.30% surcharge applicable to all intrastate services except for those excluded by D.94-09-065, as modified by D.95-02-050, to fund the California High Cost Fund-B (D.96-10-066, p. 191, App. B, Rule 6.F.; D.07-12-054; Resolution T-17311 effective May 1, 2011);

f. The current 0.14% surcharge applicable to all intrastate services except for those excluded by D.94-09-065, as modified by D.95-02-050, to fund the California Advances Services Fund (D.07-12-054; Resolution T-17343 effective November 1, 2011);

g. The current 0.079% surcharge applicable to all intrastate services except for those excluded by D.94-09-065, as modified by D.95-02-050, to fund the California Teleconnect Fund (set by Resolution T-17142, effective June 1, 2008).

These fees change periodically. In compliance with Resolution T-16901, December 2, 2004, you should check the joint tariff for surcharges and fees filed by Pacific Bell (dba AT&T California) and apply the current surcharge and fee amounts in that joint tariff on your end user bills until further revised.

You must report and remit CPUC telephone program surcharges online using the CPUC Telecommunications and User Fees Filing System (TUFFS). Information and instructions for online reporting and payment of surcharges are available at http://www.cpuc.ca.gov/PUC/Telco/Information+for+providing+service/Surcharge+Remittance.htm.

To request a user ID and password for TUFFS online filing and for questions, please email telco_surcharge@cpuc.ca.gov.

You must file and pay the PUC User Fee (see above item 2c) upon receiving the User Fee statement sent by the Commission. User Fees cannot be reported or paid online. Instructions for reporting and filing are available at http://www.cpuc.ca.gov/PUC/Telco/Information+for+providing+service/userfee.htm.

You can call (415) 703-2470 for inquiries relative to User Fee reporting and payment.

3. Applicant is a non-dominant interexchange carrier (IEC). The effectiveness of its future IEC tariffs is subject to the requirement of General Order 96-B and the Telecommunications Industry Rules (D.07-09-019).

4. Prior to initiating service, Applicant must provide the Commission's Consumer Affairs Branch with the name and address of its designated contact person(s) for purposes of resolving consumer complaints. This information must be updated if the name or telephone number changes, or at least annually.

5. Applicant must notify the Director of the Communications Division in writing of the date that local exchange service is first rendered to the public, no later than five days after service first begins.

6. Applicant must notify the Director of the Communications Division in writing of the date local service is first rendered to the public within five days after service begins.

7. Applicant must keep its books and records in accordance with the Generally Accepted Accounting Principles.

8. In the event Applicant's books and records are required for inspection by the Commission or its staff, it must either produce such records at the Commission's offices or reimburse the Commission for the reasonable costs incurred in having Commission staff travel to its office.

9. Applicant must file an annual report with the Director of the Communications Division, in compliance with GO 104-A, on a calendar-year basis with the information contained in Attachment C to this decision.

10. Applicant must file an affiliate transaction report with the Director of the Communications Division, in compliance with D.93-02-019, on a calendar-year basis using the form contained in Attachment D.

11. Applicant must ensure that its employees comply with the provisions of Pub. Util. Code § 2889.5 regarding solicitation of customers.

12. Within 60 days of the effective date of this order, Applicant must comply with Pub. Util. Code § 708, Employee Identification Cards, and notify the Director of the Communications Division in writing of its compliance.

13. If Applicant is 90 days or more late in filing an annual report, or in remitting the surcharges and fee listed in #2 above, and has not received written permission from the Communications Division to file or remit late, the Communications Division must prepare for Commission consideration a resolution that revokes Applicant's CPCN.

14. Applicant is exempt from Rule 3.1(b) of the Commission Rules of Practice and Procedure

15. Applicant is exempt from Pub. Util. Code §§ 816-830.

16. Applicant is exempt from the requirements of Pub. Util. Code § 851 for the transfer or encumbrance of property whenever such transfer or encumbrance serves to secure debt.

17. If Applicant decides to discontinue service or file for bankruptcy, it must immediately notify the Communications Division's Bankruptcy Coordinator.

18. Applicant must send a copy of this decision to concerned local permitting agencies no later than 30 days from the date of this order.

(END OF ATTACHMENT B)

ATTACHMENT C

ATTACHMENT C

ANNUAL REPORT

An original and a machine readable, copy using Microsoft Word or compatible format must be filed with the California Public Utilities Commission, State Office Building, 505 Van Ness Avenue, Room 3107, San Francisco, CA 94102-3298, no later than March 31st of the year following the calendar year for which the annual report is submitted.

Failure to file this information on time may result in a penalty as provided for in Pub. Util. Code §§ 2107 and 2108.

Required information:

1. Exact legal name and U # of the reporting utility.
2. Address.
3. Name, title, address, and telephone number of the person to be contacted concerning the reported information.
4. Name and title of the officer having custody of the general books of account and the address of the office where such books are kept.
5. Type of organization (*e.g.,* corporation, partnership, sole proprietorship, etc.).

   If incorporated, specify:

   a. Date of filing articles of incorporation with the Secretary of State.
   b. State in which incorporated.
6. Number and date of the Commission decision granting the Certificate of Public Convenience and Necessity.
7. Date operations were begun.
8. Description of other business activities in which the utility is engaged.
9. List of all affiliated companies and their relationship to the utility. State if affiliate is a:

   a. Regulated public utility.
   b. Publicly held corporation.
10. Balance sheet as of December 31st of the year for which information is submitted.

11. Income statement for California operations for the calendar year for which information is submitted.
12. Cash Flow statement as of December 31st of the calendar year for which information is submitted, for California operations only.

For answers to any questions concerning this report, call (415) 703-2883.

(END OF ATTACHMENT C)

ATTACHMENT D

ATTACHMENT D

CALENDAR YEAR AFFILIATE TRANSACTION REPORT

An original and a machine readable, copy using Microsoft Word and Excel, or compatible format must be filed with the California Public Utilities Commission, State Office Building, 505 Van Ness Avenue, Room 3107, San Francisco, CA 94102-3298, no later than May 1st of the year following the calendar year for which the annual report is submitted.

1. Each utility must list and provide the following information for each affiliated entity and regulated subsidiary that the utility had during the period covered by the Annual Affiliate Transaction Report.

   Form of organization (*e.g.,* corporation, partnership, joint venture, strategic alliance, etc.);

   Brief description of business activities engaged in;

   Relationship to the utility (*e.g.,* controlling corporation, subsidiary, regulated subsidiary, affiliate);

   Ownership of the utility (including type and percent ownership)

   Voting rights held by the utility and percent; and

   Corporate officers.

2. The utility must prepare and submit a corporate organization chart showing any and all corporate relationships between the utility and its affiliated entities and regulated subsidiaries in #1 above. The chart must have the controlling corporation (if any) at the top of the chart, the utility and any subsidiaries and/or affiliates of the controlling corporation in the middle levels of the chart, and all secondary subsidiaries and affiliates (e.g., a subsidiary that in turn is owned by another subsidiary and/or affiliate) in the lower levels. Any regulated subsidiary must be clearly noted.

3. For a utility that has individuals who are classified as "controlling corporations" of the competitive utility, the utility must only report under the requirements of #1 and #2 above any affiliated entity that either (a) is a public utility or (b) transacts any business with the utility filing the annual report excluding the provision of tariff services.

4. Each annual report must be signed by a corporate officer of the utility stating under penalty of perjury under the laws of the State of California (CCP 2015.5) that the annual report is complete and accurate with no material omissions.

5. Any required material that a utility is unable to provide must be reasonably described and the reasons the data cannot be obtained, as well as the efforts expended to obtain the information, must be set forth in the utility's Annual Affiliate Transaction Report and verified in accordance with Section I-F of Decision 93-02-019.

6. Utilities that do not have affiliated entities must file, in lieu of the annual transaction report, an annual statement to the Commission stating that the utility had no affiliated entities during the report period. This statement must be signed by a corporate officer of the utility, stating under penalty of perjury under the laws of the State of California (CCP 2015.5) that the annual report is complete and accurate with no material omissions.

(END OF ATTACHMENT D)

ATTACHMENT E

BEFORE THE PUBLIC UTILITIES COMMISSION OF
THE STATE OF CALIFORNIA

In the Matter of the Application of Tele Circuit Network Corporation for Registration as an Interexchange Carrier Telephone Corporation Pursuant to the Provisions of Public Utilities Code Section 1013.	A.11-10-005 (Filed October 6, 2011)

SETTLEMENT AGREEMENT

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May 24, 2012

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BEFORE THE PUBLIC UTILITIES COMMISSION OF
THE STATE OF CALIFORNIA

In the Matter of the Application of Tele Circuit Network Corporation for Registration as an Interexchange Carrier Telephone Corporation Pursuant to the Provisions of Public Utilities Code Section 1013.	A.11-10-005 (Filed October 6, 2011)

SETTLEMENT AGREEMENT

The Consumer Protection and Safety Division of the California Public Utilities Commission ("CPSD") and Tele Circuit Network Corporation ("Tele Circuit") (collectively, the "Parties") hereby agree upon the following terms for the settlement (the "Settlement") of CPSD's Protest of Tele Circuit's Application, A.11-10-005 (the "Application"), for a certificate of public convenience and necessity ("CPCN") to provide switchless interexchange services in California. This Settlement shall become effective when approved by the California Public Utilities Commission ("Commission").

I. STATEMENT OF STIPULATED FACTS

a. Tele Circuit is a Georgia corporation. Its principal executive office is 1815 Satellite Boulevard, Suite 504, Duluth, Georgia 30097.

b. Tele Circuit is a "telephone corporation" under California Public Utilities Code Section 234,[1] and operates as a "switchless reseller" of long distance services in California.

c. Tele Circuit registered with the California Secretary of State on July 7, 2003.

d. On January 26, 2004, the Commission in Decision (D.) 04-01-058[2] granted Tele Circuit a CPCN to provide inter and intra Local Access and Transport

[1] All statutory references herein are to the California Public Utilities Code, unless otherwise indicated.
[2] D.04-01-058 – *In the Matter of the Application of Tele Circuit Network Corporation, a Georgia*

Area ("LATA") telecommunications services in California.

e. On November 20, 2009, the Commission in Resolution T-17228[3] revoked Tele Circuit's CPCN for failing to comply with the Commission's surcharge and fee reporting requirements.

f. From November 20, 2009 to present, Tele Circuit has operated as a switchless reseller in California without a CPCN.

g. On October 6, 2011, Tele Circuit filed an Application (A.11-10-005) with the Commission to register as an interexchange carrier. In its Application, Tele Circuit requests a CPCN to do business as a switchless reseller of long distance services in California.

h. On November 11, 2011, CPSD filed Protest to A.11-10-005 for the following reasons: 1) Tele Circuit has been providing telecommunications services in California without a CPCN from the Commission; 2) Tele Circuit was not responsive to CPSD's data requests and to CPSD's Notice to Cease and Desist ("C&D Notice"); 3) Tele Circuit was investigated by the Federal Communications Commission ("FCC") for failing to comply with Consumer Proprietary Network Information ("CPNI") reporting requirements[4]; 4) the Commission's Consumer Affairs Branch ("CAB") received twenty consumer complaints against Tele Circuit; 5) consumer complaints were lodged against Tele Circuit on RipoffReport.com and classactionconnect.com regarding slamming[5] and cramming[6] issues; 6) the FCC reported two slamming violations against Tele Circuit; and 7) concerns about the fitness of Tele Circuit's Chief Executive Officer, Ashar Syed, to operate the company.

i. On February 10, 2012, Tele Circuit filed Response to CPSD's November 14, 2011 Protest.

Corporation, for a Certificate of Public Convenience and Necessity to Provide InterLATA and IntraLATA Telecommunications Service in California as a Switchless Reseller, dated January 26, 2004.

[3] Resolution T-17228 - *Operating Authority Revocation of Licenses of Telephone Corporations for their Failure to Comply with the Commission's Reimbursement Account Fee Filing and Reporting Requirements of Public Utilities Code Section 401 through 435*, dated November 20, 2009.

[4] *In the Matter of Tele Circuit Network Corporation*; released March 29, 2011, (File No. EB-08-TC-5565); DA 11-545.

[5] Slamming is the submission or execution of an unauthorized change in a subscriber's selection of a presubscribed telecommunications carrier and is unlawful under Public Utilities Code Section 2889.5.

[6] Cramming is the submission or inclusion of unauthorized, misleading, or deceptive charges for products or services on a subscriber's telephone bill and is unlawful under Public Utilities Code Sections 2889.5 and 2890.

j. On February 23, 2012, the Commission's Docket Office rejected Tele Circuit's Response because it was untimely.

k. In its rejected Response to CPSD's Protest, Tele Circuit acknowledged that it has been operating without a valid CPCN since November 20, 2009. Tele Circuit claims it did so without the intent to violate Public Utilities Code Sections 702 and 1013(a).

l. On February 28, 2012, the Commission issued an Administrative Law Judge's ("ALJ") Ruling instructing the Parties to meet and confer and file a joint pre-hearing conference ("PHC") statement by March 13, 2012. The ALJ Ruling also set the PHC for March 16, 2012.

m. On March 1, 2012, CPSD and Tele Circuit jointly requested an extension of time to engage in settlement discussions and to conduct discovery.

n. On March 2, 2012, the ALJ granted the Parties' request for an extension of time and continued the PHC from March 13, 2012 to April 9, 2012.

o. On March 28, 2012, CPSD and Tele Circuit jointly requested additional time to continue with settlement discussions and to exchange additional information between the Parties.

p. On March 29, 2012, the ALJ granted the Parties additional time and continued the PHC from April 9, 2012 to May 9, 2012.

q. Tele Circuit has resolved each of the consumer complaints identified in CPSD's Protest.

r. Tele Circuit has satisfactorily resolved its consumer Proprietary Network Information ("CPNI") reporting requirement issues with the FCC.

s. Tele Circuit has responded to CPSD's data requests.

t. CPSD's concerns regarding the fitness of Tele Circuit's Chief Executive Officer, Ashar Syed, have been resolved.

u. After discussions and negotiations concerning the specific facts and circumstances at issue between the Parties, and mindful of the fact that litigating the matters at issue could be costly, time-consuming and uncertain, the Parties have determined that they wish to resolve any disputes relating to A.11-10-005 voluntarily through a settlement, without the need for litigation.

v. The Commission has previously found in Decision (D.) 05-02-001 that operating as a telephone corporation without proper Commission authority violates PU Code section 1013(a) and subjects the offending party to penalties pursuant to PU Code sections 2107 and/or 2108.

w. Tele Circuit has cooperated with CPSD in resolving the issues raised by CPSD in its Protest of A.11-10-005.

NOW, THEREFORE, in consideration of the mutual promises and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties, each on its own behalf and on behalf of its respective successors and assigns, hereby agree as follows:

1. Terms and Conditions

1.1 The execution of this Settlement shall not constitute an admission of any fact nor agreement to any legal position by either CPSD or Applicant except that Tele Circuit acknowledges that it operated in California without proper authority from the Commission from November 2009 to present in violation of Public Utilities Code Sections 702 and 1013(a). Tele Circuit claims that it did so without the intent to violate the aforementioned Code Sections.

1.2 Tele Circuit agrees to pay a fine of $32,500 to the California State General Fund, pursuant to the payment schedule described in Paragraph 1.5 below.

1.3 Tele Circuit agrees to use its best efforts to timely file any and all reports required by the Commission as long as Tele Circuit continues to provide services in California.

1.4 CPSD agrees that the authority requested by Tele Circuit in A.11-10-005 should be granted and hereby withdraws its Protest.

Payment Schedule

1.5 Within 15 days of the Commission approving both the Settlement Agreement and Tele Circuit's Application for a CPCN as defined above ("Effective Date"), Tele Circuit shall make a payment of $10,000 to the California Public Utilities Commission. The remaining $22,500 shall be paid to the Commission in 15 monthly installments of $1,500 each. The 15 installment payments shall be due beginning three months after the due date for the initial payment. Tele Circuit shall be deemed in default if payment pursuant to this Paragraph is not made within 5 days of each payment due date. Should Tele Circuit default on any of its payments, CPSD may seek Commission revocation of Tele Circuit's CPCN and proceed with appropriate actions to collect any portion of the settlement amount still owed pursuant to the Settlement Agreement.

All payments shall be paid by a separate check or money order and made payable to the California Public Utilities Commission. The memo section of each check shall contain the Decision number and state "State General Fund Remittance." Payments shall be sent to the following address:

California Public Utilities Commission
Attn: Fiscal Office Room 3000
505 Van Ness Avenue
San Francisco, CA 94102

A copy of each check shall be sent to Linda Woods, CPSD Supervisor at the following address:

California Public Utilities Commission
Attn: Linda Woods
505 Van Ness Avenue, 2nd Floor
San Francisco, CA 94102

2. Enforcement

2.1 Each material breach of this Settlement will constitute a separate violation and will entitle the Commission to take any necessary action to enforce its orders.

2.2 The Parties agree that the Commission has primary jurisdiction over any interpretation, enforcement, or remedies pertaining to this Settlement. No Party may bring an action pertaining to this Settlement in any local, State, Federal court or administrative agency, without first having exhausted its administrative remedies at the Commission. This Settlement shall be governed by and interpreted in accordance with the laws of the State of California and Commission rules and regulations.

2.3 The Commission adoption of this Settlement is binding on all Parties to this action. Parties agree that pursuant to Rule 12.5 of the Commission's Rule of Practice and Procedure, this Settlement shall not constitute approval of, or precedent regarding, any principle or issue in the proceeding or in any future proceeding.

2.4 After the Commission approves this Settlement Agreement, CPSD will initiate no enforcement action, seek no administrative or other penalties against Tele Circuit based on the evidence of the violations recited above in this case. This provision will not apply if Tele Circuit breaches this Settlement or violates the Commission order approving it.

2.5 The Parties agree that they will not take any other action that would in any manner be inconsistent with fully supporting this Settlement. The Parties agree to furnish

such additional information, documents, and/or testimony as the Commission may request to implement the Settlement.

3. Other Proceedings

3.1 The Parties agree that nothing contained in this Settlement Agreement constitutes a binding admission or concession in any other proceeding. The Parties have entered into this Agreement to affect a compromise and settlement of the contested matters pending before the Commission.

4. Execution of Settlement

4.1 This Settlement is subject to approval and adoption by the Commission. The Parties agree to execute or furnish any other additional information, documents, and/or testimony, or take any other action, that the Commission may request, as necessary to implement the Joint Motion for Approval of the Settlement Agreement and Settlement Agreement.

4.2 This Settlement may be executed in any number of counterparts and by different Parties hereto in separate counterparts, with the same effect as if all Parties had signed the same document. All such counterparts will be deemed an original and will together constitute the same Settlement. This Settlement is the entire agreement among the Parties, which cannot be amended or modified without the express written consent of all the Parties.

4.3 This Settlement is not severable. If, pursuant to Rule 12.4, the Commission materially modifies or negates any provision of this Settlement, the Parties must consent to such change. A Party will be deemed to have consented to the Commission modification unless within 15 calendar days following the date of issuance of the Commission proposed modification(s), (or such longer period as may be directed by the Commission) that Party notifies in writing the other Party and files with the Commission its objection to the modification(s). After the 10th day following the filing of the objection if the objecting Party has not withdrawn, canceled, or modified its objection, the Settlement will be deemed rescinded. If this Settlement is rescinded following payment of any sums by Respondents, those sums shall be refunded within 15 calendar days of rescission.

4.4 Each Party represents that it has investigated the facts and law pertaining to the matters described in this Settlement. No Party has relied or presently relies upon any oral or written statement, promise, or representation by any other Party, except as specifically set forth in this Settlement.

4.5 This Settlement will be binding upon the respective Parties, their successors, assignees, executors and administrators.

4.6 The Parties acknowledge and stipulate that this Settlement is fair and not the result of any fraud, duress, or undue influence by any other Party. Each Party hereby states that it has read and fully understands its rights, privileges, and duties under this Settlement. Moreover, each Party has had its respective attorney or other authorized person review the terms of this Settlement. By executing this Settlement each Party declares that the provisions herein are adequate, reasonable, and mutually agreed upon; and that they are entering this Settlement freely and voluntarily.

IN WITNESS WHEREOF, the Parties hereby execute the Settlement Agreement on the date first set forth opposite their signatures.

TELE CIRCUIT NETWORK CORPORATION

Dated: May 24, 2012

/s/ ASHAR SYED
ASHAR SYED
Owner/CEO
Tele Circuit Network Corporation
1815 Satellite Boulevard, Suite 504
Duluth, GA 30097

Dated: May 24, 2012

/s/ LANCE J.M. STEINHART
LANCE J.M. STEINHART, ESQ.
Counsel to Tele Circuit Network Corporation
Lance J.M. Steinhart, P.C.
1725 Windward Concourse, Suite 150
Alpharetta, GA 30005

CONSUMER PROTECTION AND SAFETY DIVISION

Dated: May 24, 2012

/s/ BRIGADIER GENERAL
EMORY J. HAGAN, II

BRIGADIER GENERAL
EMORY J. HAGAN, III

Director of Consumer Protection and Safety Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Dated: May 24, 2012

/s/ SINDY J. YUN

SINDY J. YUN
Staff Counsel
California Public Utilities Commission
505 Van Ness Avenue
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