

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Initiation of show cause proceedings)
against GTE Communications Corp. for)
apparent violation of rule, local, local toll)
or toll provider selection)

Docket No. 990362-TI

REBUTTAL TESTIMONY
OF
CHRISTOPHER D. OWENS

CONFIDENTIAL

MA 5-7-01
DECLASSIFIED
CONFIDENTIAL

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January 31, 2001

DOCUMENT NUMBER-DATE

01476 JAN31 2001

FPSC-RECORDS/REPORTING

1 **REBUTTAL TESTIMONY OF CHRISTOPHER D. OWENS**

2

3 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND TITLE.**

4 A. My name is Christopher D. Owens and my business address is 6665
5 North MacArthur Blvd., Irving, Texas. I am the Group President of Verizon
6 Select Services Inc.

7

8 **Q. WHAT ARE YOUR RESPONSIBILITIES AS GROUP PRESIDENT?**

9 A. I am responsible for the operations of the Verizon competitive local
10 exchange carrier, as well as the Verizon video and calling card services.

11

12 **Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATION AND WORK**
13 **HISTORY.**

14 A. I have a Bachelor of Science degree in finance from Fairfield University in
15 Connecticut and a master's degree in business administration from
16 Indiana University. I joined GTE in 1977 as a financial associate in
17 Stamford, Connecticut. I served in various positions of increasing
18 responsibility in the finance, sales and product management
19 organizations. I became vice-president, regulatory and governmental
20 affairs for GTE Telephone Operations, followed by a tour as President –
21 Consumer Markets for GTE Communications Corporation (the former
22 name of VSSI). Subsequently, I led the National Operations Marketing
23 organization for GTE. After the closure of GTE Corporation's merger with
24 Bell Atlantic Corporation, I assumed my current position.

25

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS CASE?**

2 A. I will address the issues identified for resolution in this docket. These are:
3 (1) did VSSI willfully violate the Commission's rule against unauthorized
4 carrier changes between December 15, 1997 and September 30,1999?;
5 and (2) if so, how many willful violations were there and what penalty
6 should the Commission impose for any willful violations? In discussing
7 these issues, I will respond to the Direct Testimony and Supplemental
8 Direct Testimony of the Office of Public Counsel (OPC) witness, Earl
9 Poucher. I will also comment briefly on the Direct Testimony of Staff
10 witness, Ray Kennedy.

11

12 Mr. Joseph Caliro, VSSI's *Director of Customer Relations and Care*, is
13 also testifying for VSSI in this proceeding. His testimony discusses in
14 more detail operational details associated with the anti-slamming
15 protections the Company undertook, particularly after my tenure as
16 president of long-distance operations ended in May 1998.

17

18 **Q. DIDN'T THE COMMISSION APPROVE AN OFFER BY VERIZON TO**
19 **SETTLE THIS CASE?**

20 A. Yes. I understand that the Commission's practice is to try to settle cases
21 involving unauthorized carrier changes, and this one was no exception.
22 On July 26, 2000, the Commission issued a Notice of Proposed Agency
23 Action Order (Order) approving a settlement offer Verizon made after
24 negotiations with Commission Staff. In that settlement, Verizon admitted
25 no liability, but it committed to: (1) making a \$209,000 contribution to the

1 State General Revenue Fund; (2) suspending indefinitely all face-to-face
2 marketing to multicultural markets in Florida; (3) formally acknowledging
3 that its previously established "warm transfer" process would be used to
4 accommodate customer complaints of unauthorized primary
5 interexchange carrier (PIC) changes; (4) promptly addressing and
6 resolving all customer inquiries and complaints and continuing to
7 cooperate closely with the Commission and its Staff. (Letter from D.B.
8 May, Holland & Knight LLP, to B. Bayo, Director, FPSC Records &
9 Reporting, Dec. 16, 1999, at 3-4 (attachment A to Staff's June 29, 2000
10 Recommendation in this case).)

11
12 In its July 26 Order, the Commission concluded that "the settlement offer
13 submitted by GTE [now VSSI] is consistent with other settlement offers we
14 have accepted for apparent slamming violations, and is fair and
15 reasonable." (Order at 3.)

16
17 **Q. IS THERE ANY REASON TO DOUBT THAT CONCLUSION?**

18 A. No. The Commission and its Staff are, of course, very familiar with
19 settlements entered in past slamming cases, so they are well able to
20 assess consistency among VSSI's offer and others approved in the past.
21 If anything, the Company believes the monetary portion of the settlement
22 offer was too generous, given the mitigating factors in this case. VSSI
23 made a number of smaller offers before finally acceding to Staff's demand
24 for \$209,000, which works out to \$1000 per apparent violation. Again,
25 VSSI admitted no liability in the proposed settlement.

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Q. WHY, THEN, HAS THIS CASE BEEN SET FOR HEARING?

A. Only because OPC protested the Commission's decision approving the settlement and asked for a hearing. There is absolutely nothing that warrants singling this case out from all the others the Commission has settled. In fact, to Verizon's knowledge, no slamming case before this Commission has ever gone to hearing. As VSSI pointed out in its Answer to OPC's Protest, the Commission has routinely approved slamming settlements in cases involving all manner of allegations—including forgery, deceptive marketing practices (e.g., sweepstakes marketing), lack of cooperation with the Commission, and the like. VSSI cited a dozen such examples from 1998 and 1999 alone, some of them involving second- and third-time offenders. (VSSI's Answer to the OPC's Petition Requesting Section 120.57 Hearing and Protest of Proposed Agency Action at 5-7).

Mr. Poucher makes much of forgery allegations associated with some complaints against VSSI. As Mr. Caliro explains, it was impossible to draw any definitive conclusion about forgery in many cases. In any event, forgery is not an uncommon feature of the slamming cases that have come before the Commission, as the cases VSSI cited in its Answer show. While VSSI in no way condones forgery or other fraudulent conduct, this kind of conduct is the fundamental nature of almost any carrier change the customer has not authorized (except for key punch errors and the like). Again, a review of the conduct and settlement terms of other cases confirms the Commission's original conclusion that VSSI's settlement offer

1 was fair, reasonable, and consistent with past settlements, and that there
2 is no reason for this case to go to hearing.

3

4 **Q. EARLIER, YOU REFERRED TO MITIGATING FACTORS IN THIS**
5 **CASE. COULD YOU DISCUSS THESE?**

6 A. There are several. First, unlike certain other companies with which the
7 Commission has settled, this is the first time the Commission has
8 investigated VSSI (or GTE Communications Corporation) for slamming
9 complaints. Second, there was no evidence of any system-wide problem.
10 Substantially all of the complaints giving rise to this proceeding arose from
11 the activities of just one of VSSI's independent contractors, Snyder
12 Communications, Inc. (Snyder). Both Mr. Poucher and Mr. Kennedy
13 acknowledge that Snyder was the chief cause of the increase in
14 complaints that led to the Commission's investigation of VSSI. As Mr.
15 Caliro and I will explain in detail, VSSI took reasonable and appropriate
16 actions to remedy the Snyder problem, ultimately terminating Snyder's
17 marketing function and then its entire contract. Third, VSSI itself informed
18 the Commission of the Snyder situation and its plan for remedy. Mr.
19 Caliro will go into more detail on this meeting and will explain that the
20 Commission was fully informed of the types of complaints it could expect
21 to receive concerning VSSI. Fourth, VSSI cooperated fully with the Staff
22 in its investigation of the complaints at issue. Fifth, VSSI expeditiously
23 resolved these complaints, most of which the Commission forwarded
24 before the docket was opened. VSSI switched these customers to their
25 preferred carrier and gave most of them full credit for VSSI charges. In a

1 few instances, they were given the difference between VSSI's rates and
2 the rates of the prior carrier.

3

4 **Q. WHY IS IT PARTICULARLY IMPORTANT FOR THE COMMISSION TO**
5 **KNOW THAT VSSI TOOK STEPS TO REMEDY THE EFFECTS OF THE**
6 **CLAIMED UNAUTHORIZED CARRIER CHANGES?**

7 A. The Commission's slamming rule says that: "In determining whether fines
8 or other remedies are appropriate for an unauthorized carrier change
9 infraction, the Commission shall consider the actions taken by the
10 company to mitigate or undo the effects of the unauthorized change."
11 (Commission Rule 25-4.118(13)(b).) I am not a lawyer, but I think this
12 language plainly requires the Commission to favorably consider that the
13 Company voluntarily informed and worked directly with the Commission
14 Staff, resolved customer complaints, switched customers back to their
15 preferred carriers, and gave them full credits. Verizon's lawyers will brief
16 this legal issue in more detail, but the bottom line is that Verizon undid the
17 effects of any unauthorized carrier changes.

18

19 **Q. CAN THE COMMISSION PENALIZE VSSI IF IT SIMPLY FINDS THAT**
20 **UNAUTHORIZED CARRIER CHANGES TOOK PLACE?**

21 A. Again, I am not a lawyer, but it is my understanding that under Florida law,
22 a finding of a slamming rule violation is not enough. Indeed, the issues
23 designated for hearing in this case make clear that only "willful violations"
24 can be considered for penalties. Even Mr. Poucher agrees that's true:
25 "The violations of the slamming rules must have been willful in order to

1 substantiate a fine.” (Poucher DT at 11.)

2

3 My dictionary says “willful” means “done deliberately: intentional.”
4 (Webster’s Ninth New Collegiate Dictionary, rev. ed. 1986.) If there is no
5 evidence that VSSI deliberately slammed customers, then the
6 Commission cannot penalize the Company.

7

8 Verizon does not deny that some customers were slammed, and it has not
9 disputed the Staff’s finding of 209 violations cited in Mr. Kennedy’s
10 testimony. But Staff’s investigation made no conclusions as to
11 willfulness. In order to draw any such conclusions, the Commission would
12 have to review each of the 209 complaints at issue to determine whether
13 VSSI acted with the intent to slam the particular customer. There is
14 absolutely no evidence in this regard. Although Mr. Poucher is
15 constrained to contend that the unauthorized carrier changes at issue
16 were willful, he can cite to no document—among the thousands that VSSI
17 produced to OPC—showing that VSSI deliberately undertook to slam
18 customers or that it condoned slamming by Snyder (or any other entities).
19 To the contrary, as I and Mr. Caliro will explain, the documents prove that
20 VSSI properly addressed both customer slamming complaints and the
21 conduct that led to those complaints.

22

23 **Q. THEN HOW CAN MR. POUCHER CLAIM THAT VSSI WILLFULLY**
24 **VIOLATED THE SLAMMING RULES?**

25 A. He can’t plausibly make this claim, but he knows the Commission can’t

1 assess any penalties if OPC can't prove willfulness. In the absence of any
2 documents or other evidence showing VSSI deliberately slammed
3 customers, he's obliged to create a willfulness theory from unsupported
4 assumptions that lead him to draw unjustified conclusions. Specifically,
5 Mr. Poucher argues that VSSI's higher management was aware that
6 Snyder employees had forged letters of authorization (LOAs) for carrier
7 changes and that it "failed to take action to stop the violations." (Poucher
8 DT at 11-12.)

9
10 It is true that, at a certain point, VSSI management became aware of
11 problems with Snyder's activities, including customers' claims of forged
12 LOAs. But, as Mr. Caliro and I will show, it is certainly not true that VSSI
13 did nothing to remedy these problems. Because Mr. Poucher is wrong
14 about this key fact, his willfulness argument fails.

15
16 **Q. WHAT WAS SNYDER'S ROLE IN MARKETING VSSI'S LONG-**
17 **DISTANCE SERVICES?**

18 A. Snyder was one of the independent contractors VSSI used to market its
19 services. VSSI signed a contract with Snyder in November of 1997,
20 primarily to help VSSI execute a business strategy focussing on
21 multicultural markets. Under that contract, Snyder performed face-to-face
22 marketing, as well as telemarketing and certain other functions. Snyder
23 began to market services for VSSI in Florida in January of 1998.

24
25 **Q. DID VSSI REQUIRE SNYDER TO COMPLY WITH ITS MARKETING**

1 **POLICIES AND PROCEDURES?**

2 A. Yes, this condition was in VSSI's contract with Snyder. VSSI trains its
3 contractors and requires them to comply with its marketing policies and
4 procedures, including those related to federal and state carrier change
5 regulations. Contractor training includes instruction about the nature of
6 slamming and specific warnings against submitting unauthorized carrier
7 changes. Attached as Exhibit CDO-1 are some examples of materials
8 Snyder used to train its employees selling VSSI's services, details on
9 compensation plans for those employees, and Snyder sales and quality
10 assurance policies and procedures. These materials were created in
11 close cooperation with VSSI and emphasize, above all else, the
12 expectation that employees will produce accurate LOAs and submit only
13 legitimate sales. They stress quality of sales over quantity and note that
14 Snyder sales associates "are paid only on valid, quality orders." (Ex.
15 CDO-1, at 6.) If VSSI had condoned slamming or intended for it to occur,
16 it certainly wouldn't include such admonitions in training and other
17 materials.

18

19 **Q. WHEN DID YOU FIRST BECOME AWARE THAT SNYDER WAS**
20 **HAVING A PROBLEM WITH UNAUTHORIZED CARRIER CHANGES?**

21 A. In February of 1998, we received the first few complaints on Snyder that
22 dealt with unauthorized carrier changes (mostly outside of Florida). We
23 immediately set up a quality meeting in Texas for February 18, where we
24 discussed with Snyder how seriously VSSI regarded slamming
25 complaints. Snyder had reviewed the complaints and outlined plans to

1 implement quality improvement checks in March to address the problems.
2 Snyder did implement these improvements—a Quality Outbound calling
3 program, on March 12, and a social security number verification of
4 customer names through a credit agency, on March 24. Soon after that, in
5 April, a verification letter was also implemented. It was sent to the
6 customer before processing his order to verify that the customer had,
7 indeed, intended to switch service to VSSI.

8
9 Because of the lag between order processing and service activation and
10 billing, VSSI knew it could not expect to see the first results of quality
11 initiatives until at least May.

12
13 **Q. WHAT DID THE MAY RESULTS SHOW?**

14 A. By early May 1998, we expected to see reduced complaint levels, based
15 on Snyder's March process improvements. Instead, we were surprised to
16 see an increase in complaints in Florida. These complaints were
17 *observed through our escalation process to the Customer Relations*
18 *group. Through our investigations, we were able to determine that these*
19 *complaints were isolated to certain individual representatives in the face-*
20 *to-face sales force of Snyder. To further verify the source of the problem*
21 *and to stem it, we began separately tracking Snyder-related slamming*
22 *complaints in May of 1998. From that effort, it became clear that Snyder*
23 *was responsible for the increase in slamming complaints.*

24
25 **Q. WHAT DID YOU DO WITH THIS INFORMATION ABOUT THE SNYDER**

1 **SLAMMING PROBLEM?**

2 A. We continued to meet with Snyder through the month of May 1998.
3 Through several operational meetings, Snyder implemented three more
4 significant quality improvement programs in May. All of these efforts were
5 designed to overhaul the sales order process flow to better ensure proper
6 carrier change verification. They included verifying the customer's
7 address against a Metromail service, expanded social security number
8 verification, and quality trend reports that could track the sales of
9 individual sales representatives. Again, Mr. Caliro discusses the details of
10 the specific quality changes in his Direct Testimony.

11

12 My tenure ended in May, and I briefed my successor, Pam Jacobson, to
13 be aware of this problem and follow it closely. Ms. Jacobson no longer is
14 employed by the company, but Mr. Caliro worked closely with her on this
15 issue. Mr. Caliro's testimony explains what occurred after I departed.

16

17 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

18 A. Yes.

19

20

21

22

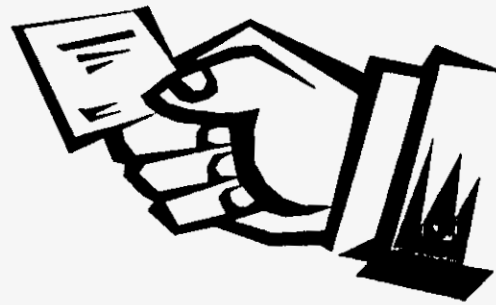
23

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Expectations

- Produce *Quality* Sales
- Display High Levels of Professionalism & *Integrity*
- **Comply with Code of Conduct**
- Produce Accurate LOA's
- Maintain Confidentiality
- Obtain Correct Information
- Maintain a Productive Work Environment
- Meet Sales Goals
- Attendance and Punctuality
- Observe the Dress Code
- Be Flexible



17817

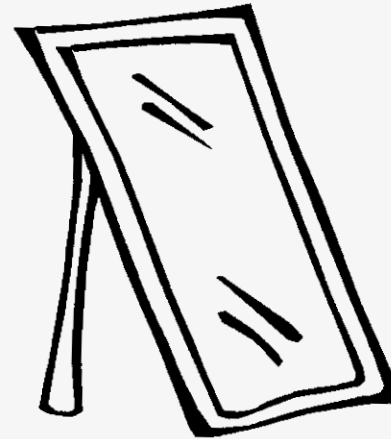
Code of Conduct



- *Never mislead a customer*
- *Never sign a customer without authorization*
- *Always wear a clean uniform with a visible ID badge*
- *Never leave a booth unattended*
- Eating, drinking, chewing gum, or smoking is not permitted except on breaks
- Courteous, professional, positive attitude at all times

17818

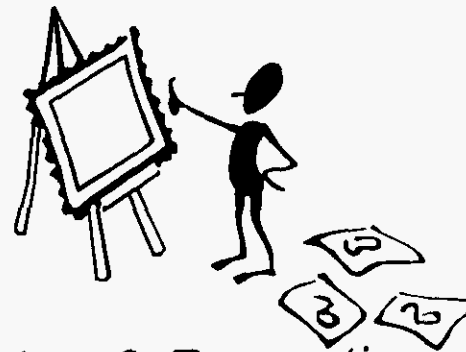
Dress Code



- Must wear clean/appropriate GTE Sales Associate shirt
- Must wear visible GTE ID badge
- Must wear clean dark blue/ black/ khaki pants
- Cannot wear thongs or any other opened toe shoe
- Must be well-groomed and clean shaven

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Writing up an "LOA."



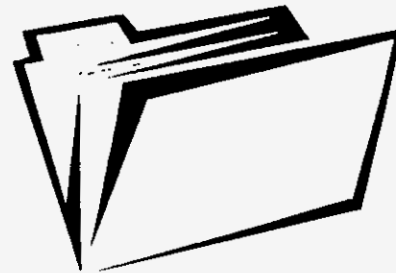
- *Customer's Billing Name*
- *Telephone Number*
- *Address*
- *Billing Name*
- *SSN or Driver's License*
- *Signature*
- *Date*
- *Correct Plan & Promotion*
- *Specify Country*
- *Sales Type*
- *Event*
- *Rep ID Number*
- *Sup ID Number*
- *Source Code*

17838

Submitting the LOAs

- ***Must be legible and complete.***
- ***Must be given every day to your supervisor.***
- ***Must be separated according to the category.***
 - *International*
 - *Domestic*

- ***Must be an authorized sale***



17839

Quality and Integrity

- **Our goal is to produce quality sales through the highest levels of honesty and integrity**
- **Although sales *quantity* is important, the *quality* of the sale is more important**
- **Sales Associates are paid only on valid, quality orders. Performance is monitored and evaluated thorough:**

LOA verification

Observation & Coaching

Mystery Shoppers

Quality Checkpoints

17841

What constitutes fraud?



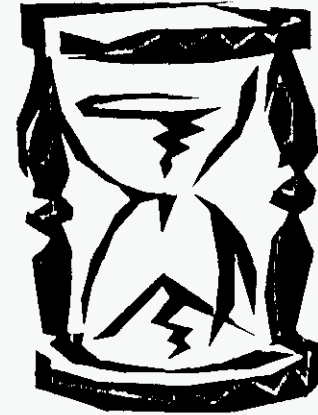
- **Switching a customer without authorization.**
- **Signing an LOA on behalf of the customer.**
- **Using customer information authorization.**
- **Filling out or pre-checking an LOA prior to the customer's interest in GTE.**
- **Changing or altering information after the customer signs up.**

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Policy & Procedures

Adhere to the following company policies :

- *Ethics*
- *Compensation*
- *Unauthorized Switching*
- *Unauthorized use of Customer Information*
- *Grievances*
- *Sexual Harassment*



**Failure to comply with these policies may result in
suspension or termination**

Snyder Quality Assurance



BSMs Review LOAs Daily

- **Errors**
- **Omissions**
- **Accuracy**
- **Completeness**

17846

Snyder Quality Assurance



Snyder Samples LOAs Daily

- 100 % Duplicate Check
- 100% Invalid and Wrong Numbers
- 100% Name and SSN Match
- 100% Outbound Verification

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Snyder Quality Assurance



GTE Monitors Customer Satisfaction

- **Complaints** (Daily)
- **PIC Disputes** (Weekly)
- **Customer Surveys** (Monthly)

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Remember !

- *You Represent GTE - Be Professional*
- *Honest Sales = Success !*
- *Smile and Have Fun*
- *Be Flexible*
- *We Have an Open Door Policy.*



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GTE Communications Corp.
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DEVELOPMENT



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W. S. [unclear]
11/14/04

Direct Services Field Markets Overview

Our client-driven goal is to project the clients name as if it were our own. Snyder's reputation, as well as our client's is on the line during every sales presentation we make every day.

LOA ACCURACY

100%. Or the customer will not get service. After you worked hard to close a sale re-check the order. You may not be paid for it if the information on the LOA is not accurate.

QUALITY

100%. We accept nothing else. If you are ever not sure about a service, product, or function of a product, **ASK - NEVER GUESS !!!** Ask your supervisor immediately and **NEVER, EVER GUESS OR GIVE OUT INFORMATION THAT'S NOT 100% ACCURATE.**

COMMITMENT

100%. To serve out clients, Snyder needs your commitment to be at work every day during you scheduled hours, alert and ready to give 100%. With this key element so crucial to our consistent sales ability, management's focus in this is extremely critical.

ASSISTANCE

100%. Snyder is dedicated 100% to your success. Since 1984, we have grown with help from every employee. We know we can't grow without YOU! We will put forth all reasonable resources, training, one-to-one sessions, and basically, **"WHATEVER IT TAKES TO GET THE JOB DONE"** to help you succeed. If you succeed, we succeed.

Regardless of how busy anyone may be at any time, always, always ask for whatever kind of help you may need. Our ultimate goal is to assist you in building your sales skills.

INPUT AND IDEAS

A business grows from ideas, teamwork, dedication, service, and a common goal. Your input is valuable. Please feel free to contribute your ideas on selling, organization, training, hiring, products or anything on which you have an opinion. You may speak with your supervisor directly to submit your ideas.

Document: Field Market Overview
Source: Wilma Viola, National D.C.


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Snyder Communications--Consumer Markets Sales Procedures And Payment Policies

1. Scope of Responsibility

- a) An employee will sell to the best of his/her ability the consumer program in high traffic residential locations. The employee will work in assigned locations provided to them by their supervisor. The types of locations that will be worked by the employee consist of, but not limited to, the following: door-to-door, store fronts, street corners, fairs, festivals, and malls.
- b) An employee who directly or indirectly engages in illegal or inappropriate activities will be terminated immediately. Illegal and/or inappropriate activity consisting of, but not limited to, the following:
 - i) Switching a customer's long distance carrier without the customer's written authorization,
 - ii) Hiring (either paid or unpaid) other individuals to produce LOA's for a employee (subcontracting),
 - iii) Using a list(s), unless provided by the corporate office, to generate leads or to sign-up customers,
 - iv) Working with more than one customer at a time (multiple clipboards)
 - v) Any form of phone solicitation (telemarketing),
 - vi) Alterations of an LOA once a customer has been given their copy,
 - vii) Giving or selling company property to other individuals, either inside or outside the company. Company property includes, but is not limited to the following: reports of any kind, copies of LOA's or information on an LOA, manuals and/or any other proprietary property.
 - viii) An Employee must conform to the dress code outlined in their training program.
 - ix) If an employee does not meet company performance standards for two consecutive weeks, the company maintains the right to terminate an employee without prior notice.

Sales Material

18393

- a) The employee agrees to care for all collateral materials and will not knowingly or with intent, damage these materials at any time. Should the employee knowingly and with intent, damage these materials he/she will be responsible for all expenses required for repair or replacement. At the time of termination of employment, all materials will be returned to the Company in the same

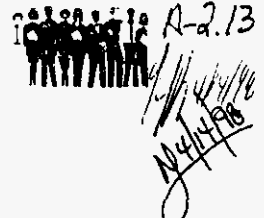
Document: Sub procedures + Payment Policies
Source: Volume 1, Ch. 2, C. Monday

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Direct Services Division

POLICY ON

**UNAUTHORIZED SWITCHING and
UNAUTHORIZED USE of
CUSTOMER INFORMATION**

The following is the Direct Services Division policy regarding unauthorized switching (slamming) or inappropriate use of any customer information, including name, telephone number, address or other proprietary data:

- When speaking with a customer about switching service, employees MUST be absolutely certain the customer understands that signing the order form will authorize switching them to a new service provider. In addition, employees must be sure the customer understands all the details about any service or promotion(s) being offered at that time.
- Order forms are absolutely confidential and the exclusive property of Snyder Communication. Employees can not exchange, sell or otherwise share any information about a customer or potential customer with any person, company, or Snyder associate other than the employee's immediate supervisor or management of Snyder Communications.
- Employees are employed by Direct Services Division to produce quality sales through a direct, face-to-face sales effort, not telemarketing. The customer MUST complete and sign the order form in person.
- Without exception, the customer signature's must be obtained directly from the customer. Under no circumstances are any employees authorized to sign an order form on behalf of the customer.

Unauthorized switching (slamming) or unauthorized use of customer information is a serious violation of the Law and will not be tolerated by Snyder Communications or its clients. Anyone involved in slamming a customer, misusing customer information, or violating company policy will be subject to disciplinary action, including immediate termination and forfeiture of any payments, commissions, bonuses, expenses or draw. In addition, we will cooperate with all authorities to investigate such claims. This action could lead to your prosecution by Federal, State and Local authorities.

Document: Slamming Policy
Source: Vicki Viola D.C. Manager

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Direct Services Division

POLICY ON
EMPLOYEE COMPENSATION

The following is Direct Services Division policy regarding any form of employee compensation including commissions, salaries, training and other bonuses.

- Direct Services Division reserves the right to pay commissions, bonuses, expenses and/or draws to an employee that has engaged in illegal or fraudulent activities.
- Direct Services Division requires that all employees sign offer letter and compensation plan documentation pertaining to the appropriate sales program, prior to beginning employment.
- Direct Services Division reserves the right to recover from an employee any payments of commissions and/or bonuses on orders that have been paid prior to completion and verification of sale or for sales orders that do not meet the client standards.
- Direct Services Division reserves the right to reject and/or withhold payment for sales orders that are rejected as a result of incomplete customer address, no name, no signature, invalid/expired promotions, and/or invalid phone numbers.
- Employees can not allow another employee to cash his/her pay check.
- Employees agree to care for all sales collateral materials and will not, knowingly or with intent, damage these materials at any time. Should the employee knowingly and with intent damage these materials, he/she will be responsible for all expenses required for repair or replacement. At the time of termination of employment, all materials will be returned to the Company in the same conditions as given to the employee, with the exception of normal wear and tear. Any damage to Company material and/or property, if not paid by the employee, will be deducted from their salary, commission, and/or bonus check.

Anyone involved in illegal sales activities, misusing customer information, or violating company policies will be subject to disciplinary action, including immediate termination and forfeiture of any payments, commissions, bonus, expenses or draw. In addition, Direct Services Division will cooperate with all authorities to investigate such claims. This action could lead to employee prosecution by Federal, State and Local authorities.

Document: Employee Compensation (Field Market)
Source: Valma Lieb, D.C. Manager

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COMMUNICATIONS, INC.

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QUALITY MONITORING PROGRAM

FREQUENCY

- Each Supervisor will formally monitor each of their TSR's a minimum of two times per week.
- Each Supervisor will spend a minimum of 2 hours per day monitoring. This will include formal, required monitoring and informal monitoring.
- The Training/QA team will spend a minimum of 8 hours per week monitoring TSR's.
- Account Managers and Shift Managers will spend a minimum of 4 hours per week monitoring TSR's.

DEFINITIONS

- Formal monitoring is defined as a session in which the Supervisor completes a monitoring form and reviews it with the TSR.
- Informal monitoring is defined as any observation of TSR through silent monitoring, side-by-side observation, command post monitoring and walking the floor. A monitoring form is not necessarily required, however, any coaching as a result of this observation must be documented on a Coaching Form and maintained in the TSR's file.
- A completed call is defined as any call in which the TSR states the Offering to the decision maker and receives a response. Hence, the Greeting & Introduction, the Purpose of the Call, and the Qualifying Questions have all been given leading up to the Offering.

UNAUTHORIZED SWITCHING

(slamming) is defined as:

- Any deviation from published rates, plan or promotion details, and switch fee information, or any other form of misrepresentation regarding the purpose of the call.
- Neglect to advise customer of switch fee.
- Switching a customer who declines our offer.
- Falsification or misrepresentation of customer information to TPV.

GUIDELINES

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- All coaching must be completed within 24 hours of the observation.

Source: URM Web P.C. Manual

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COMMUNICATIONS, INC

- The Monitoring Form must reflect completed calls only.
- Each Supervisor will provide a Weekly Monitor Report to their manager reflecting all formal monitoring activity.
- Training/QA team monitoring results will be calibrated to the supervisors monitoring results for the same TSR. For any case where the results have a variance of more than 10%, a subsequent monitoring session with Supervisor and Training/QA Specialist will occur. Results will again be calibrated to determine appropriate action with TSR.
- A copy of all monitoring documentation will be filed in the TSR's personnel file.

DISCIPLINARY ACTION AND QUALITY CONTROL MEASURES

- Immediate disciplinary action will occur for any documented observation of slamming. This includes final written warnings and termination.
- With formal monitoring, the third occurrence of a repeated infraction will result in disciplinary action, beginning with a verbal warning and progressing up to and including termination. Example of infraction: A TSR fails to ask the qualifying questions during the presentation.
- Any TSR's monthly average monitoring score of less than 70% will result in progressive disciplinary action by the Supervisor.
- Any TSR's monthly average monitoring score of less than 60% will result in a subsequent monitoring session conducted by a Training/QA Specialist. Recommendations will be made to the Supervisor for specific coaching, re-training or disciplinary action.
- Any TSR's quarterly average monitoring score of 100% will result in a quality assurance monitoring session conducted by a Training/QA Specialist. Observations will be documented and provided to the Supervisor and Account Manager.
- Any team with monthly SPH lower than .70 or higher than 1.5 will have random monitoring conducted by a Training/QA Specialist throughout the following month. Results will be documented and provided to the Supervisor and Account Manager. Calibration to the results from the Supervisors monitoring of that team will occur and follow the aforementioned model.

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GTE Communications Corp.
Snyder Communications Investigation
Various Locations // Audit No. 98:00:025
Attorney - Client Privileged Material
Do Not Copy or Disseminate

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Snyder Communications Direct Services Division

Suspension Procedures

Effective November 7, 1997

POLICY

Snyder Communications, Inc. Suspension without Pay is a form of discipline. Suspension is to be used cautiously, and Human Resources must be notified. If an incident occurs where an investigation is being conducted, and it is inappropriate to have the employee continue to work, Suspension with pay may be approved.

PURPOSE

To ensure that all suspensions are in accordance with Snyder Communications, Inc. policy.

PROCEDURE

Some examples of when suspension *with pay* is appropriate:

- If an employee is accused of unauthorized sales, he/she should be suspended pending investigation.
- If an employee is accused of sexual harassment, he/she should be suspended pending investigation.

Some examples of when suspension *without pay* is appropriate:

- If an employee has a Social Security Discrepancy, they have 72 hours to correct it and they will be suspended until it is resolved. If not resolved, the individual will be terminated after 72 hours elapses.
- If an employee is found to have yelled profanity to a client.

Some examples of when suspension is inappropriate:

- As a form of discipline for performance.
- As a form of discipline for attendance.
- Pending investigation of performance.

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Document: Suspension Procedures and Change to Procedures
Source: Leslie Minton

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**Snyder Communications, Inc.
GTE Sales Associate
Compensation Plan Summary
Effective April 24, 1998 pay date**

COMMISSIONS

Commissions are paid bi-weekly based on actual Local Exchange Carrier (LEC) confirmed sales for batches submitted in the two week period defined by the compensation schedule. A Submitted Sale must be accepted by The Data Entry Company (TDEC) for submission to GTE. Any duplicate order, defined as an order already submitted by Snyder to GTE within the past 90 days, as well as any orders that cannot be order entered by TDEC, will not be sent to GTE.

No commissions, bonuses, or overrides are paid on sales made by employees who have been terminated for using inappropriate sales tactics or making unauthorized sales.

If a Sales Associate receives a PIC dispute or FCC, PUC or GTE complaint, and Snyder Communications determines that the employee used inappropriate sales tactics or made an unauthorized sale, the Sales Associate will be terminated.

A commission of \$15.00 will be paid for any LEC confirmed sale. If a sale is confirmed by the LEC and then rejects prior to commissions being calculated, no commission will be paid on that sale.

For Sales Associates who had qualified for Gold or President level under the previous compensation plan, they will receive the greater of \$15 or the previous plan's rate per LEC confirmed sale through the June 5, 1998 pay date.

Chargebacks

For each LEC confirmed sale that does not have any long distance billing within the first three billing cycles, a 100% chargeback will occur. This will begin on the April 24, 1998 pay date.

Orders that have been determined to be sold using inappropriate or misleading sales tactics will be charged back at a 100% rate. Examples of these include, but are not limited to, GTE complaints, PIC disputes, and FCC and PUC complaints.

TRAINING SALARY

A new Sales Associate is eligible to receive an \$80 Training Salary (\$40 for each day of completed training) upon successful completion of two days of training at the branch office on Thursday & Friday, the first two days of employment. A day of training is defined as 7¼ hours of classroom training.

Payment of the Training Salary will be sent to the branch office two weeks after the end of training for all new Sales Associates who qualify. All Sales Associates participating in the Training session(s) must complete and sign a time sheet which must be signed by the Branch Sales Manager or Sr. Branch Sales Manager and a copy sent to the corporate office.

Any Sales Associate who has not previously worked in the Snyder Communications Consumer Markets program selling GTE services is eligible for Training Salary and Production Draw.

BONUSES ON PERSONAL PRODUCTION

Production Draw

A new Sales Associate is eligible for a recoverable draw based on weekly Snyder accepted submitted sales in the first three (3) weeks of employment and based on good GTE submit orders in subsequent weeks. "Snyder accepted" is defined as data entered by TDEC, verified that it has not been sent to GTE within the past 90 days by a Snyder representative, accepted and validated through Snyder systems, and approved for sending to GTE. For Sales Associates, a minimum of 5 Snyder accepted orders must be submitted in the first four (4) days of working in the field and 10 Snyder accepted orders per full week must be produced by new Sales Associates.

Payment for production in the first four days (Saturday-Tuesday) will be received at the same time that the classroom training is paid. Payment of the Production Draw for each full week will be sent to the branch office 2 weeks after the completion of that week.

<u>Employment week</u>	<u>Criteria</u>	<u>Submit</u>	<u>Draw Pmt.</u>
Week 0 (Saturday-Tuesday)	Snyder submit	5	\$160
Week 1B (Saturday-Friday)	Snyder submit	10	\$160
Week 2 (Saturday-Friday)	Snyder submit	15	\$160
Week 3 (Saturday-Friday)	Snyder submit	15	\$160
Week 4 (Saturday-Friday)	GTE submit	18	\$160
Subsequent weeks	GTE submit	18	\$160

The maximum amount of outstanding draw balance allowed is \$550.00. After the third week of production, the draw recovery is as follows:

<u># of bi-weekly GTE submits</u>	<u>% of earnings applied to draw balance</u>
0-10	100% of all commissions earned until draw balance is fully repaid
11-20	100% of commissions over \$320.00 AND 50% of first \$320.00 commissions earned until draw balance is fully repaid
21-35	100% of commissions over \$320.00 AND 50% of first \$320.00 commissions earned until draw balance is fully repaid
36+	100% of commissions over \$320.00 until draw balance is fully repaid

For each of these payments, each Sales Associate will receive a report detailing the status of all orders that were processed during that period. Sales Associates must use the proper personal sales identification number (RepID) on orders in order for the order to be accepted for submission. The report will be printed and sent to the branch office one (1) week after the end of the production period.

Buddy Bonus

The referring Sales Associate receives a \$1.50 bonus per LEC confirmed sale on the first 600 LEC confirmed sales sold by the New Recruit for a period of up to twelve (12) months from the New Recruit's start date.

The Referring Employee will also receive a one-time \$100 referral bonus when the New Recruit has 15 total cumulative LEC confirmed sales, as long as the Referring Employee is active at the time of payout.

The maximum payout for the Referring Employee is \$1000.00, which includes the initial \$100.00 referral bonus, per reference. The qualifier for the Buddy Bonus is that the Referring Employee must be a Sales Associate, Team Captain, or Senior Team Captain and the New Hire must be a Sales Associate. Branch Sales Managers, Senior Branch Sales Managers, and Regional Sales Directors are not eligible for the plan. In order for the referring employee to receive bonuses, both employees must be active employees of Snyder Communications, Inc. at the time of payment. If the referring employee leaves, or is terminated for any reason, the employee forgoes all rights to bonuses.

In the event that either the New Recruit or Referring Employee engages in unethical behavior, no bonuses will be paid to the referring employee.

Production Bonus

If a Sales Associate has at least 80 LEC confirmed sales in a month, the Sales Associate will receive an additional \$1 per LEC confirmed sales for that month.

Periodically, additional bonus programs will be implemented to incent the sales force. The parameters listed above for qualifying for those bonuses do apply.

The following parameters apply for bonuses:

- Sales Associate must be active at the time that the bonus is paid in order to be eligible.
- Billing information received from GTE will be used to determine who qualifies for the bonus.

- Each of these bonuses may be paid a maximum of one (1) time for each sale.
- **IF A SALES ASSOCIATE RECEIVES AN FCC AND/OR PUC COMPLAINT DURING A MONTH, AND SNYDER COMMUNICATIONS DETERMINES THAT THE EMPLOYEE USED INAPPROPRIATE SALES TACTICS OR MADE AN UNAUTHORIZED SALE, THE SALES ASSOCIATE WILL BE TERMINATED AND THE SALES ASSOCIATE FORFEITS THE RIGHT TO RECEIVE ANY COMMISSIONS OR BONUSES.**
- **IF GTE COMPLAINTS ARE LESS THAN .3% OF THE SALES ASSOCIATE'S PERSONAL LEC CONFIRMED SALES FOR THAT MONTH, AND PIC DISPUTES ARE LESS THAN 2% OF THE SALES ASSOCIATE'S PERSONAL LEC CONFIRMED SALES FOR THAT MONTH, THE SALES ASSOCIATE IS ELIGIBLE TO RECEIVE BONUSES FOR THAT MONTH. OTHERWISE, THE SALES ASSOCIATE FORFEITS THE RIGHT TO RECEIVE ANY OF THESE BONUSES FOR THAT MONTH.**

This is not a contract of employment. By signing this document, you acknowledge that you are employed at will meaning that you or Snyder Communications, Inc. may terminate your employment at any time for any reason. Snyder Communications, Inc. reserves the right to modify its commission structure, performance standards, and bonus program at any time.

I hereby acknowledge and accept the above compensation plan.

Sales Associate
Signature

Date

Print Name

Branch

Snyder Communications, Inc./GTE Policies & Procedures Manual Version 2

Policies and Procedures Manual Quality Assurance

I. Quality Assurance Commitment Statements

- Snyder Communications will develop and train Quality Assurance policies, procedures, processes, reports, and materials based on products, promotions, and information received from GTE so that the customers fully understand all services involved in their agreement.
- Snyder Communications will provide appropriate reporting, feedback measures and actions to uphold face-to-face and teleservicing quality standards and levels consistent with similar sales channel ratios and percentages.
- GTE and Snyder Communications recognize and fully understand that face-to-face and teleservicing sales are persuasive in nature which result in a certain amount of customer concerns and issues.
- GTE and Snyder Communications will provide and exchange timely information so that the best business standards and practices are met.

II. Operating Processes

GTE provides:

- Internal issues and concerns reports and information on a weekly basis or more frequently in electronic format to Snyder Communication project manager and will include customer name, billing telephone number, and specific issue or complaint.
- External issues reports and information from telco's on a monthly basis or more frequently in electronic format to Snyder Communication project manager and will include customer name, billing telephone number, and specific issue or complaint.
- Exception issues reports and information (senior level escalation or FCC) on a daily basis in electronic format to Snyder Communication project manager and will include customer name, billing telephone number, and specific issue or complaint.
- Feedback to Snyder regarding Snyder's Monthly Mystery Shopper Program (field only) upon development of program parameters for end of First Quarter '98.
- Remote Monitoring to be scheduled at an agreed upon time at least 1 week in advance during specified time frames on conference call set up by GTE with minimum 2 ports for Snyder use. GTE to provide expectations and Measurements on Quality prior to monitoring session. Each session will include critique following each completed call.

Snyder Communications provides:

- Internal issues and concerns weekly reports and information response within 5 working days in electronic format to GTE's project manager and will include customer name, billing telephone number, and specific issue or complaint evaluation details.
- External issues monthly reports and information response within 10 working days in electronic format to GTE's project manager and will include customer name, billing telephone number, and specific issue or complaint evaluation details.

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Snyder Communications, Inc./GTE Policies & Procedures Manual Version 2

- **Exception issues daily reports and information (senior level escalation or FCC) response within 24 to 48 hours in electronic format to GTE's project manager and will include customer name, billing telephone number, and specific issue or complaint evaluation details.**
 - **Copies of ballots will be faxed to GTE within 24 to 48 hours.**
 - **TPV recordings will be submitted electronically through email to GTE within 24 to 48 hours.**
- **All exception issues should be provided in writing to the Snyder project manager and include the customer name, billing telephone number, and specific customer issue or complaint.**
- **Mystery Shopper Program (field only) parameters to be developed by end of First Quarter '98.**
- **Remote Monitoring (teleservices only) to be completed for 2 sales teams for 1 hour each on a weekly basis between 9:00 am - 12:00 pm and 5:00 pm - 8 pm Eastern Standard Time to include Snyder Account Manager or Teleservices Manager. Snyder will provide electronic recap of remote sessions within 48 hours.**

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