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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
Docket 990362-TI
Filed: November 3, 2000

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RECORDS AND REPORTING

Initiation of Show Cause Proceeding
Against GTE Communications
Corporation for Apparent Violation of
Rule 25-4.118, F.A.C., Local, Local
Toll, or Toll Provider Selection.

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DEPOSITION OF WAYNE WEAVER
ATLANTA, GEORGIA
NOVEMBER 29, 2000

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I N D E X

WITNESS: WAYNE WEAVER

<u>EXAMINATION</u>	<u>PAGE</u>
BY MR. BECK	5
BY MR. WOFFORD	107
BY MR. BECK	109

E X H I B I T S

(None were marked.)

1 department.

2 Q. How long have you held that position?

3 A. I've been a manager for about 18
4 months now.

5 Q. What position did you hold before
6 that?

7 A. Senior auditor.

8 Q. How long have you worked for Verizon?

9 A. About four years.

10 Q. Do you hold any professional
11 designations?

12 A. I have a master's degree, but no CPA,
13 CIA or any of those.

14 Q. A master's degree in business or
15 accounting?

16 A. It's in accounting with, I guess
17 you'd call it, a minor in internal auditing.

18 Q. Have you been an internal auditor for
19 the entire four years you've been at Verizon?

20 A. Yes.

21 Q. What did you do before that?

22 A. I was an internal auditor with
23 NationsBank.

24 Q. About how long did you do that?

25 A. Two and a half years.

1 Q. When did you receive your master's
2 degree?

3 A. In '94.

4 Q. I'd like to ask you to take a look at
5 the document that begins at Bates stamped page
6 17456 and ending at 17462.

7 A. Through 17462?

8 Q. Yes.

9 A. Okay.

10 Q. Do you recognize that document?

11 A. Yes, I do.

12 Q. Could you just briefly describe what
13 the document is?

14 A. It is a legal memo that we drafted to
15 Thomas Parker who was the associate general
16 counsel at the time related to the Snyder
17 Direct Services service audit review that we
18 performed back in 1998.

19 Q. Does this document summarize the
20 results of the internal audit that you
21 conducted?

22 A. Yes.

23 Q. What was your role in that audit?

24 A. I was the lead auditor, the in-charge
25 auditor on that job.

1 Q. Did you have a number of people
2 working for you in that position?

3 A. Yes.

4 Q. Who was working for you?

5 A. Andrew Timberlake. Yamira Lajara.

6 MR. WOFFORD: Spell that.

7 THE WITNESS: It's Y-a-m-i-r-a
8 L-a-j-a-r-a.

9 Let's see. Susan North. I believe
10 that was it.

11 BY MR. BECK:

12 Q. How did this audit come about; in
13 other words, what caused this audit to occur?

14 A. There were -- it started with a
15 request from our regulatory legal department.
16 I believe the request came through Karen Smith.

17 Q. What was the request?

18 A. The request basically was we've been
19 getting a number of complaints related to
20 different slams from various sources, and they
21 wanted us to do some additional investigations.

22 Q. Karen Smith is a lawyer?

23 A. She's in our regulatory department.
24 She was an AVP, I believe, of our regulatory
25 affairs. I'm not sure what her exact title was

1 at that point in time.

2 Q. Was it the slamming that had been
3 occurring with the use of Snyder people that
4 led to the audit then?

5 A. Snyder was one of the focal points,
6 but we had other telemarketing agencies that
7 were doing -- or were selling long distance for
8 us. Snyder was just one of them, was one of
9 the bigger ones.

10 Q. Were the others audited at the same
11 time that Snyder was audited?

12 A. No.

13 Q. This audit was just focused on Snyder
14 and it's relationship to Verizon. Is that
15 correct?

16 A. Yes.

17 Q. On page 17456, there are six bullets
18 about halfway down. It says: The scope of the
19 review.

20 Could you briefly describe what each
21 of those six bullets are and describe how that
22 was -- how that was part of the review that you
23 did?

24 A. Okay. The sales order processing,
25 basically what we were looking at there was

1 from the point when customer contact was made
2 through the point when Snyder handed the order
3 off to GTE or its affiliates, whoever that
4 would be; that was the main point there. And
5 what we were doing with those customer orders,
6 we were looking for key attributes. We were
7 looking for whether the proper documentation
8 was maintained on file by Snyder. We were also
9 looking at certain dates as well as far as how
10 orders -- when did they start, when they did
11 leave Snyder, when did they leave different
12 places. We were doing a time line on these as
13 well.

14 The next one was the sales
15 compensation plans. We wanted to take a high
16 level overview of the sales comp plans to make
17 sure that there was nothing in the sales comp
18 plans that was really incenting the salespeople
19 to slam customers.

20 The next one was the quality control
21 complaint resolution explanation reporting
22 processes. That was on the back end of their
23 order processing, what controls did they have
24 in place to ensure order quality, order
25 accuracy. Did they have any sort of follow-up

1 processes in place?

2 Q. Would that include whether the
3 signatures on authorizations to change long
4 distance companies were authentic?

5 A. Were they authenticating -- I'm not
6 sure I understand the question.

7 Q. Well, whether the signatures on
8 authorizations to change long distance company,
9 whether those signatures were actually the
10 persons who they claimed to be?

11 A. I don't -- I don't think that's what
12 their department was there to do. I think they
13 were just there to make sure that there was a
14 valid signature, yes. But I don't know if they
15 were looking at it to see if it was that
16 person's actual signature.

17 Is that where you were going with
18 that question?

19 Q. Yes. Let's talk plainly about it.
20 Were they interested in whether some of the
21 signatures on those forms were forgeries?

22 A. Yes, they were.

23 Q. Okay. Was that part of that review
24 or some other part of the review where you
25 looked at that?

1 A. Where we looked at that was mainly in
2 the sales order processing. We wanted to make
3 sure, if it was a signed delivery or if it was
4 a telephone call, that they had a third-party
5 verifier.

6 Q. Go ahead, please.

7 A. The performance monitoring and
8 measurement. This was really internal metrics.
9 How many orders did they bring in? How long
10 did it take to gather those market orders?
11 Which markets they were coming from? Different
12 reporting standards that Snyder was supposed to
13 report to us as GTECC, GTE, whatever.

14 Training, what we wanted to look at
15 here was for human resources. We wanted to
16 make sure that -- one of the big concerns that
17 was raised by our regulatory department was if
18 someone, a sales associate, on the Snyder side
19 was caught, that if they had forged a
20 customer's signature or made up a fictitious
21 customer, how were they dealt with from a human
22 resources standpoint? Were they were fired,
23 basically? What disciplinary action was taken?
24 We wanted to make sure that that was actually
25 occurring and we felt was justified, satisfied

1 us.

2 The training and business ethics we
3 wanted to make sure that in their training
4 materials they were trained on what the
5 regulations were, what were good ethical sales
6 practices and was that covered, basically, in
7 the training materials.

8 And the last one was logical system
9 security, which this is kind of a catchall
10 category to look at their systems and how
11 information flowed from when it came in the
12 door until when it left the door.

13 Q. This letter is signed by Mark R.
14 Smith?

15 A. Yes.

16 Q. Who is he?

17 A. At the time he was the engagement
18 manager on the job, and he was also acting as
19 director for -- we had a director that had just
20 left, and he was about to assume that position.
21 So he was dual rules on their audit.

22 Q. Was he the person that you reported
23 to?

24 A. Yes.

25 Q. How did his responsibilities compare

1 and contrast to yours in the audit?

2 A. Typically a manager on the job has a
3 more high level role on an audit. The
4 in-charge of the audit is there in the field.
5 They are doing all of the work, and they are
6 supervising the other staff members along with
7 performing the test.

8 Q. And that latter aspect was your job?

9 A. Yes, correct.

10 Q. Did you help draft this letter?

11 A. I primarily wrote the letter, yes.

12 Q. So Mr. Smith reviewed the letter and
13 made any changes he might make and then signed
14 it?

15 A. We -- I wrote the original draft of
16 the letter. He did make some changes; and we
17 did discuss any and all changes before he
18 signed it, yes.

19 Q. Were there any meetings with Mr.
20 Parker that you know of where this letter was
21 discussed?

22 A. Yes.

23 Q. Could you describe what those
24 meetings were?

25 A. The meeting was we presented the

1 results of the findings that were contained in
2 this report.

3 Q. Who was present at that meeting?

4 A. The one meeting that I'm recalling
5 was myself, Mark Smith and Tom Parker.

6 Q. Was it after this letter was sent to
7 him or at the same time it was delivered?

8 A. When we delivered the hard copy.

9 Q. Were there any other follow-up
10 meetings other than that one with Mr. Parker?

11 A. Not with Mr. Parker.

12 Q. Okay. Were there follow-up meetings
13 with someone else?

14 A. There were meetings with -- once we
15 had the meeting with Tom Parker, there were no
16 more meetings after that. We put that --
17 basically because of the attorney-client
18 privilege at that point in time that we were
19 under, we left it under his control and he was
20 taking it from there.

21 Q. Did you ever -- subsequent to the
22 meeting with Mr. Parker, did you discuss or
23 present the results of your audit to any other
24 persons at GTE?

25 A. We had -- no.

1 Q. Did you -- after the audit did you
2 discuss what you found with others?

3 A. Yes, we had discussions with other
4 executives.

5 Q. Could you name who they were and when
6 those discussions occurred?

7 A. There was one meeting that I was
8 involved with; and that was myself, Mark Smith
9 and George Wieskopf, and I'm not sure of the
10 last name, but I think it's W-I-E-S-K-O-P-F.
11 He was the vice-president of finance at the
12 time and our main point of contact at GTECC.

13 Q. He was the vice-president of finance
14 at GTECC?

15 A. Yes.

16 Q. And what was --

17 A. I believe that was his title.

18 Q. What was the scope of the discussion
19 that you had with him?

20 A. This was a meeting that we had as
21 part of our typical annual planning cycle, and
22 it was a follow-up for -- I guess it was
23 probably in November, December of '98, that
24 time frame.

25 Q. When you say part of the typical

1 annual planning cycle, what does that mean?

2 A. Throughout the year we have -- our
3 audit department does a risk-based audit
4 approach where we speak with the business units
5 and say what are your riskier bases. These are
6 the different audit segments that we want to go
7 do, the different audits that we want to go do.
8 We present that plan to them, and we discuss
9 what they want to include or what they want to
10 throw out. And one of the items that we did
11 talk about in these planning meetings during
12 this time frame was what, if any, work we were
13 going to be doing relating to Snyder Direct
14 Services.

15 Q. And what was concluded about that?

16 A. At that meeting it was put basically
17 on hold, was the conclusion of any further
18 follow-up work at Snyder was put on hold.

19 Q. Why was that?

20 A. The main reason is our relationship
21 with Snyder was changing and we didn't -- at
22 that point in time, no one knew if we were
23 going to even be able to go back in and review
24 Snyder again. And we would have done something
25 in about a year, or something like that, from

1 the time.

2 Q. Are you familiar with GTE terminating
3 Snyder with respect to foot sales in Florida?

4 A. I know that it happened, yes.

5 Q. Was your meeting with Mr. Wieskopf
6 before or after that event?

7 A. I'm not sure. I don't know exactly
8 when foot sales ended with Snyder.

9 Q. Were there any other follow-ups to
10 this audit other than the audit itself and this
11 meeting with Mr. Wieskopf?

12 A. There was an offshoot of the audit
13 that's mentioned in the report, I believe,
14 related to AFNI financial.

15 Q. Describe that?

16 A. The AFNI audit was -- there were
17 concerns raised during the Snyder audit that
18 orders were going to AFNI, they were getting
19 stuck kind of in what was called the black hole
20 at the time, and they were not getting
21 processed for 30, 60, 90 days. There were a
22 lot of processing delays. And then they would
23 show up at GTE and for various reasons they'd
24 get kicked out, some would get processed. So
25 there were concerns that AFNI was holding up

1 the process.

2 Q. Is AFNI an acronym?

3 A. Yes, it is.

4 Q. What does it stand for?

5 A. I believe it's American Financial
6 Network, Inc.

7 Q. And I'm not -- how were orders
8 getting held up in AFNI?

9 A. My basic understanding of the process
10 flow was Snyder would take their orders, pass
11 them electronically to AFNI who would process a
12 segment of those orders for Snyder, or actually
13 for GTE, take those orders and change them into
14 -- get them into our systems, into the GTE
15 systems. So they were a middle man, basically,
16 between Snyder and ourselves.

17 Q. Could you turn to page 17460 of the
18 letter, which is page 5 of the letter?

19 A. Yes.

20 Q. One of the recommendations that you
21 made as part of this audit was to institute
22 third-party verification for Snyder orders as
23 was already being done in Florida -- or in
24 California. Is that correct?

25 A. That was one of our recommendations,

1 yes.

2 Q. Could you describe the basis for that
3 recommendation?

4 A. When we did the testing in
5 California, we felt that the TPB process, how
6 they had it working at that point in time was a
7 best practice; and we felt that they should
8 mirror that in other regions.

9 Q. How did the amount of slamming that
10 was going on in California compare to other
11 areas?

12 A. I don't recall the actual statistics,
13 but my general feeling is that it was lower.
14 I'd have to go back do that point in time to
15 see what the actual statistics were.

16 Q. Let me direct your attention to under
17 the first bullet on page 17460.

18 A. Uh-huh.

19 Q. This says: We recommend that Snyder
20 begin using this process to verify all field
21 sales based on a cost benefit analysis. Do you
22 see that?

23 A. Yes.

24 Q. What cost benefit analysis were you
25 referring to in your letter?

1 A. The basic cost to implement the
2 recommendation, what would it take to -- I
3 believe, at the time what they were actually
4 doing with their field sales reps, where they
5 had, I believe, several cell phones that the
6 field sales would take with them. They would
7 call a third-party verifier. The third-party
8 verifier, they would hand the cell phone over
9 to the customer, and the customer would talk to
10 the third-party verifier where you would record
11 the call. Now, you'd have the cell phones, the
12 usage, all those kinds of things that would go
13 along with that. There would also be the
14 training and the additional paperwork. So
15 these are the costs that are related to
16 implementing that sort of recommendation.

17 Q. And that process was only being
18 engaged in in California for Snyder sales. Is
19 that right?

20 A. Yes.

21 Q. Have you seen any analyses that
22 determine what the cost of that process was?

23 A. No.

24 Q. You were recommending -- were you
25 recommending, then, that such a cost benefit

1 analysis be undertaken?

2 A. Yes.

3 Q. Do you know what the results of that
4 recommendation were?

5 A. Not at this time, no.

6 Q. Have you known at any time what the
7 results of that are?

8 A. No.

9 Q. Do you know whether the company
10 entered into that cost benefit analysis or
11 completed the analysis?

12 A. Not that I know of at this point in
13 time. Well, not that I know of, period.

14 Q. The cost would be the actual -- you
15 could actually calculate a dollar cost per sale
16 to engage in the third-party verification like
17 was being done in California, couldn't you?

18 MR. WOFFORD: Objection, calls for
19 speculation.

20 Go ahead and answer.

21 THE WITNESS: I would assume that you
22 could do that. I have not seen what
23 Snyder's cost structure looks like. Even
24 during this audit, we weren't privy to all
25 that information. So I don't know that I

1 could give an opinion on that.

2 BY MR. BECK:

3 Q. But your recommendation was that such
4 a study be conducted to determine what that
5 cost would be; was it not?

6 A. Yes.

7 Q. Now, you mentioned a cost benefit
8 analysis. What would be the benefit side?

9 A. The benefit we believed would be less
10 slamming complaints, or less complaints from
11 customer. It's a more secure process, a better
12 controlled process, in our opinion, because you
13 don't have the paperwork having to get passed
14 around.

15 Q. Did you think that third-party
16 verification would eliminate the forgeries that
17 you had been finding in your investigation of
18 Snyder?

19 A. Could you -- I'm not sure I
20 understand the question.

21 Q. Well, there's the benefit, you know,
22 when you look at the cost benefit, the benefit
23 would be valid sales as opposed to invalid
24 ones; would they not?

25 A. Sure, yes.

1 Q. And one of the things you discovered
2 in your audit was that Snyder employees were
3 forging customer signatures; is that right?

4 A. I don't think that we concluded that
5 they were forged signatures. I don't remember
6 drawing those conclusions, not to that
7 strength. I know that we had some letters of
8 agreement that we were concerned -- we had
9 definite concerns about that was the name
10 right, was the name wrong, was it a spouse's
11 name or things of that nature, which I think
12 you could see in the testing. But I don't
13 recall it was coining the term "forged
14 signatures."

15 Q. Did you suspect that there were
16 signatures on -- letters of authorization were
17 being forged?

18 A. My personal suspicions were probably
19 yes.

20 Q. But you're saying you didn't test to
21 see if that was true?

22 A. We tested to see if there were -- if
23 a customer said John Doe, was the signature
24 John Doe. We did not have any way of
25 determining without contacting the customer if

1 John Doe signs his name with a big J or a
2 little J. We couldn't tell exactly if that
3 signature was Mr. John Doe's signature or not.
4 We just knew that there was a signature on that
5 piece of paper. That's all we could determine
6 because we were not allowed to contact the
7 customer directly about their order. We had to
8 look at historical information.

9 Q. So you suspected that there were
10 forgeries being engaged in by Snyder, but you
11 didn't check to see if those signatures were
12 authentic on authorizations?

13 A. I don't know how we could have.

14 Q. How would you determine -- or did you
15 try to determine whether the signatures were
16 actually that of the person whose signature it
17 purported to be?

18 A. Without contacting the customer, I
19 don't think -- I cannot think of a way we would
20 be able to authenticate that signature unless
21 we ask the customer to sign a piece of paper in
22 our presence and then we compared that to the
23 LOA. That's the only way that I could have
24 determined, you know, with reasonable assurance
25 that these two signatures matched; and we did

1 not have the ability to go back to the
2 customers.

3 Q. Okay. So did you or did you not as
4 part of the audit determine whether signatures
5 were authentic on letters of authorization?

6 A. To the extent possible we made sure
7 that they were good signatures, yes.

8 Q. That was one of the items you tested
9 for, then?

10 A. We tested whether there was a
11 signature on the forms, yes.

12 Q. I'm not sure we're getting caught up
13 in semantics or not.

14 MR. WOFFORD: I think you two are
15 talking past each other.

16 THE WITNESS: Maybe I can try to
17 explain a little bit. We are seeing a
18 historical document and that this
19 transaction occurred at a distant location
20 and it has been forwarded from a field
21 salesperson up through the ranks and it is
22 -- we have got a photostatic copy of it
23 sitting in front of us right now when
24 we're doing our testing.

25 And what we can verify at this point

1 in time is we can verify on that sales
2 order, we can see if it says John Doe and
3 then we can see if John Doe actually
4 signed it, we see if he spelled out his
5 name.

6 But without contacting that customer
7 and saying can you send me a faxed copy of
8 your signature or can you come down and
9 sign a piece of paper for me so that I can
10 actually compare it to this historical
11 signature, there's no way that I can
12 authenticate that signature by the
13 definition that I think that you're trying
14 to get at. There was no way for us to go
15 about doing that.

16 I mean, we had one -- one, we had
17 restrictions from both our side and from
18 the Snyder side that were saying that, you
19 know, minimize customer contact at all
20 costs kind of things. And then there were
21 also restrictions from, you know, our side
22 that we needed to get this done within a
23 very short period of time as well.

24 So with all of those constraints, we
25 did what we could do. For those items

1 that we did have as concerns, those were
2 forwarded on to both Snyder and to our
3 regulatory affairs people. And the
4 intentions were for them to go ahead and
5 follow up on any of the ones that we had
6 questions or concerns about.

7 Now, if they subsequently contacted
8 customers and they were asking for
9 independent verification of their
10 signatures by having the customer sign
11 another piece of paper, I don't know.

12 BY MR. BECK:

13 Q. Okay. In your response you mentioned
14 that you were on very tight time constraints, I
15 believe, in completing this audit?

16 A. Yes.

17 Q. Was there a pending business decision
18 that required those tight time constraints?

19 A. Yes.

20 Q. What was the pending business
21 decision?

22 A. I think the continuing relationship
23 with Snyder. What our relationship was going
24 to be with Snyder was the decision.

25 Q. Does that mean whether you were going

1 to fire them or not, in plain language?

2 A. I believe so, yes.

3 Q. And the higher-ups, the people who
4 caused this audit to happen, wanted the audit
5 results so they could make that determination.
6 Is that right?

7 A. That was one of the pieces of their
8 -- yes.

9 Q. Do you know who was responsible for
10 making that decision on whether to terminate
11 the relationship with Snyder or not?

12 A. It would have been the GTE
13 communications corps, GTECC executives. That
14 would have been George Wieskopf, as I mentioned
15 before. I believe -- I'm trying to think who
16 the president was at the time. I think it was
17 Butch Bircher who was the GTECC president at
18 that point in time. They had changed over
19 several times, but those would have been the
20 key players.

21 Q. Did anybody ask you to discuss
22 whether the relationship should be terminated
23 or not?

24 A. Not directly. They didn't ask for my
25 opinion of should we terminate with Snyder or

1 not.

2 Q. Did they do so indirectly?

3 A. They wanted to know about the general
4 working relationship between Snyder and
5 ourselves and, you know, good points, bad
6 points. They wanted to know those kind of
7 things that were, I think, additional
8 information for them to make their decision.

9 Q. What was your recommendation on those
10 points?

11 A. The recommendation, as I remember,
12 from the audit department as a whole, not just
13 mine independently, was that there were
14 problems with Snyder and that, you know,
15 something needed to be done with the
16 relationship, either terminate it or downscale
17 it or change the way we do business with them.

18 Q. When you say there were problems with
19 Snyder, can you generally state what those
20 problems were?

21 A. Well, going into the audit, we had --
22 I mean, before we even kicked off that, when
23 regulatory and GTECC had brought us in to
24 actually prepare us for going to Snyder and
25 doing some of the audit work and whatnot, they

1 had -- we had a large meeting of different
2 people, a big conference call, basically.

3 And one of the things that was
4 discussed was they realized that there were --
5 from the field sales standpoint, there were
6 some control weaknesses that were causing
7 fraudulent or inaccurate LOAs to come through
8 from the sales side, and that was kind of
9 agreed upon.

10 Snyder folks were on the phone, GTECC
11 folks were on the phone, regulatory and audit
12 were all there together. And this is kind of a
13 pre-planning meeting. So field sales was one
14 of those items that was a known problem, and
15 that was one of the main focuses of the review
16 before we even really got started in the audit.

17 When we started in the audit, we
18 wanted to make sure we looked at field sales
19 because that was such a problem. But because
20 everybody agreed it was a problem and Snyder
21 was doing fixes as we were in doing the audit,
22 they had changed their process, they were doing
23 massive number of things, we didn't go out and
24 look at the Snyder field sales probably as much
25 as we would have done had this been not agreed

1 upon to begin with.

2 Q. Agreed upon as a problem, you mean?

3 A. Yes. It was -- it's a known risk.

4 And if everybody agrees it's a risk, why spend
5 limited resources going after a known risk that
6 everybody knows and is trying to fix? That was
7 kind of the thinking.

8 Q. The known risk being the fraudulent
9 sales?

10 A. By field sales, yes.

11 Q. Let me return a little bit to the
12 cost benefit analysis for third-party
13 verification. You communicated that to Mr.
14 Parker; did you not?

15 A. Yes.

16 Q. What was his response to your
17 recommendation on that?

18 A. I believe it was positive.

19 Q. That he thought that that was
20 something that should be done?

21 A. Yes.

22 Q. How about, did you mention that to
23 Mr. Wieskopf in your meeting with him?

24 A. Yes, the whole report we discussed at
25 length with different people in the regulatory

1 and in the executive levels of GTECC. Like I
2 said, George Wieskopf was our primary contact
3 at that; but the distribution on the report was
4 fairly small.

5 Q. Let me ask you what the distribution
6 was on the report?

7 A. I don't know what Mr. Parker did with
8 it, but he asked us to discuss that with George
9 Wieskopf.

10 Q. How to distribute your audit?

11 A. No. He asked us to go over the
12 findings, make sure that we had discussed that
13 with GTECC personnel.

14 Q. Was that at or about the time of your
15 letter to Mr. Parker?

16 A. Yes.

17 Q. So your discussion with Mr. Wieskopf
18 was somewhere around the May 11th, 1998, time
19 frame?

20 A. Yes.

21 Q. And what was his response to the
22 recommendation on third-party verification?

23 A. Mr. Wieskopf?

24 Q. Yes.

25 A. Again, generally agreeable and that

1 sounds like a good thing to do, is the overall
2 opinions that I remember.

3 Q. You said you had meetings with
4 various regulatory people and others concerning
5 your audit?

6 A. We had -- part of our normal process
7 for going through an audit or a review of this
8 nature is that whenever we have any kind of
9 finding or concern or whatever it might be, an
10 observation, we will kind of leave it in draft
11 form, not the report or anything like this,
12 this is a very finalized document, we'll go
13 discuss it with key personnel. And we'll do
14 that throughout the audit and make sure we have
15 the finding right, make sure that we didn't
16 miss something or we misunderstood something.
17 So we call that our clearing process. We will
18 clear those findings with them.

19 And part of that, we would have
20 weekly status meetings that were requested not
21 only by Snyder but also by the GTECC folks and
22 also regulatory. Regulatory meaning Karen
23 Smith, primarily; she was our key contact. At
24 those meetings we discussed our status of the
25 audit.

1 Q. So you had weekly meetings while you
2 were conducting the audit. Is that right?

3 A. I think there were two meetings,
4 that's my general recollection, because of the
5 short time span of this audit.

6 Q. And do you recall was Karen Smith at
7 these meetings?

8 A. I know she was at one of them, but
9 I'm not sure if she was at all or both.

10 Q. Who else attended these meetings?

11 A. I'm not sure of the exact names. I
12 know that, generally speaking, the audit team
13 was there. There was usually a representative
14 from Snyder, a representative from GTECC and a
15 representative from regulatory.

16 Q. Do you know who the GTECC
17 representatives were at the meetings?

18 A. Not specifically. I know who the
19 major players were, but I don't know if they're
20 always the ones that came to the meeting or
21 not.

22 Q. Karen Smith is a major player?

23 A. On the regulatory side, yes.

24 Q. How about on the non-regulatory side,
25 the business side?

1 A. That would have been -- I mean, our
2 key players would have been -- I believe his
3 name is Michael Lyons, and the other person was
4 Ted Gilmore.

5 Q. Now, besides Mr. Parker and Mr.
6 Wieskopf, with whom else did you discuss your
7 recommendation concerning third-party
8 verification?

9 A. The recommendation was discussed at
10 these meetings and before it was finalized in
11 the report that you see. And that included the
12 same, somebody from Snyder, somebody from
13 GTECC, somebody from -- audit was there and
14 usually regulatory as well.

15 Q. You mentioned that Mr. Parker
16 responded favorably to your recommendation?

17 A. Yes.

18 Q. And Mr. Wieskopf responded favorably
19 to your recommendation. Is that right also?

20 A. Yes.

21 Q. Did anybody ever respond negatively
22 to your recommendation?

23 A. Not to my knowledge.

24 Q. Did anybody ever respond any way
25 other than positively?

1 A. Not to my knowledge.

2 Q. Besides Mr. Wieskopf and Mr. Parker,
3 do you recall any other persons who you
4 discussed that recommendation with?

5 A. Other than the ones that had already
6 been mentioned? I mean, somebody --

7 Q. Karen Smith?

8 A. Karen Smith. Somebody I -- I could
9 speculate who we talked with at Snyder, but I
10 know we probably had that conversation with
11 him, but I don't remember it specifically. I
12 also remember talking with different people in
13 the audit organization. I mean, we talked with
14 Jolene Modean who was the incoming
15 vice-president of audit. She was the top
16 person in audit. Also Mark Smith and the audit
17 team as well. But from an outside standpoint,
18 I think those were the key players.

19 Q. Do you know whether Karen Smith is
20 still with GTE, Verizon?

21 A. I believe she is. That's -- I'm not
22 100 percent sure.

23 Q. You don't know what her position
24 would be now?

25 A. No, I really don't.

1 Q. And I'm sorry. She was the
2 vice-president in regulatory?

3 A. She was an AVP or a VP. I'm not sure
4 which at that point in time. And she was in
5 the regulatory -- it was either regulatory
6 compliance, regulatory affairs, something like
7 that, but I don't know specifically.

8 Q. And what was her particular interest
9 in the audit of Snyder?

10 A. They had a number of complaints that
11 had come through, and a lot of them had
12 Snyder's name on them. And because of the
13 number of complaints that had happened, she
14 felt that we needed to go do an audit of them.
15 Again, she was kind of the driving force;
16 herself and Tom Parker were working together to
17 kind of be the driving force behind the audit.

18 Q. To your knowledge, your
19 recommendation concerning third-party
20 verification was never implemented. Is that
21 true?

22 A. To my knowledge, no.

23 Q. Do you have any idea why?

24 A. I believe that we were ending our
25 relationship with Snyder. And to implement

1 something of, you know, a process change
2 nation-wide like this, it wouldn't just take a
3 -- it would take several months to get it
4 rolled out, get it up and working in all
5 locations. And I don't -- and from the
6 discussions that we had with Mr. Wieskopf in
7 the November, December time frame, again, we
8 were kind of put on hold for stuff. And
9 subsequent to that we found out that we were
10 ending our relationship with Snyder.

11 Q. Your recommendation was made no later
12 than May 11th of 1998?

13 A. Right.

14 Q. Which is the date of your letter to
15 Mr. Parker; is that right?

16 A. Correct.

17 Q. And your relationship with Snyder
18 foot sales wasn't terminated for at least
19 another six months. Isn't that right?

20 A. I don't know when it was terminated.
21 I don't know when the Snyder foot sales was
22 terminated. I don't know the exact date of
23 that.

24 Q. Other than what you've already
25 described, is there any other reason you

1 believe that your recommendation was never
2 implemented, that you know of?

3 A. Not that I know of, no.

4 Q. As part of the audit, you performed a
5 series of mystery shoppers at Snyder field
6 sales events. Is that right?

7 A. We performed some, yes.

8 Q. Could you describe what the purpose
9 of that was?

10 A. The primary purpose of the mystery
11 shops was to get us acquainted with what was
12 going on at a Snyder field sales location.

13 Q. And by mystery shoppers, someone
14 would appear but it would be unknown to
15 salespeople that you were actually auditing?

16 A. Yes.

17 Q. You actually conducted one of them,
18 didn't you?

19 A. Yes, I did.

20 Q. We'll get to that later.

21 Other than what you've already
22 discussed, were there any other follow-ups to
23 this audit of Snyder?

24 A. There was not a follow-up audit of
25 Snyder, no.

1 Q. But were there any other processes
2 other than what you've already discussed?

3 A. Not that I remember, no.

4 Q. Did you discuss the results of your
5 audit with Snyder as well?

6 A. Yes. As part of the clearing
7 process, we were talking with Snyder. They
8 were at those clearing meetings.

9 Q. Let me ask you to turn to page 6 of
10 the letter which is Bates stamped page 17461?

11 A. Okay.

12 Q. You have a number of bullets on this
13 page --

14 A. Uh-huh.

15 Q. -- that describe the results of a
16 substantive test of Snyder sales orders. Is
17 that right?

18 A. Are you talking -- page 6, I mean,
19 you were just looking at a different page than
20 I was.

21 Q. Right, the bottom of page 5 that
22 leads into page 6?

23 A. Yes.

24 Q. And then on page 6 you have some of
25 the results of those. You describe some of the

1 results of some of those substantive tests. Is
2 that right?

3 A. Yes.

4 Q. For example, the fourth bullet says
5 that on 38 of 68, or 56 percent, of the orders
6 did not have one of the following identifiers
7 on the LOA, Social Security number, driver's
8 license number or date of birth. Is that
9 right?

10 A. Right.

11 Q. Of those field sales?

12 Was that -- I mean, is that a
13 problem? Didn't you think that was kind of
14 unusual to have that kind of failure rate?

15 A. That high failure rate, yes, I would
16 have said that that was noteworthy. And again,
17 their processes were changing and that's why
18 the identifier was -- that was supposed to be a
19 new fix, but their processes had only been in
20 -- the new processes had only been in place for
21 a short period of time.

22 Q. Let me ask you to turn to page 17672,
23 which is a different document.

24 A. 17672. Are we done with this one
25 here?

1 Q. Yes, for now.

2 A. Okay. I'll just keep it off to the
3 side, then.

4 Q. Do you recognize this document?

5 A. Yes, I do.

6 Q. Could you state what it is?

7 A. It is a planning memo. It is the
8 document that we prepare for before we go out
9 and do an audit that kind of lays out the
10 logistics: What are we going to cover, how are
11 we going to do it, where are we going to be
12 staying, basic planning information for the
13 audit.

14 MR. WOFFORD: Charlie, just so we
15 know we're talking about the same
16 document, can you give me the inclusive
17 Bates numbers of the documents?

18 MR. BECK: We've -- I was about to
19 ask that.

20 BY MR. BECK:

21 Q. The planning memo, does that go
22 through Bates stamp 17683?

23 A. One second.

24 It goes through 683 is the typed
25 document, yes. And then there were supporting

1 documents that go into it.

2 Q. So the Bates stamps subsequent to
3 17683 are, what, support for the planning memo?

4 A. Some of them, yes. Let me just kind
5 of thumb through here.

6 Q. Sure.

7 A. They would have stopped at 17707.
8 That would have been the end of the supporting
9 materials for the planning memo.

10 Q. Is the planning memo something that
11 you prepared?

12 A. Yes, it is.

13 Q. Could you turn to Bates stamped page
14 17677?

15 A. 677, yes.

16 Q. Could you turn your attention to the
17 place where it says special note?

18 A. (Witness nods head.) Okay.

19 Q. Okay. You see where it says: This
20 review involves a number of big players, and
21 the term "big players" is in quotes?

22 A. Yes.

23 Q. What did you mean by big players?

24 A. I listed the following names, those
25 being the key players or the big players,

1 meaning that there was -- this was a high
2 profile audit and a lot of people were
3 watching; therefore, we need to maintain, you
4 know, high levels of professionalism.

5 Q. George Wieskopf, you've already
6 mentioned; he was one of the big players?

7 A. Yes, he was. He was our key contact
8 at GTECC.

9 Q. And you've mentioned Tom Parker who
10 is with the legal counsel?

11 A. Yes.

12 Q. How about Bill Edwards, what was his
13 role with respect to the audit?

14 A. At this point in time I think he was
15 the controller of GTE, of the GTE telephone
16 operations at that point in time. He was
17 administratively internal audit's boss. That's
18 who internal audit reported up to, ultimately.

19 Q. Was he involved in any way in the
20 audit?

21 A. He knew of the audit, and he had been
22 in discussions with Tom Parker and Karen Smith
23 to kind of get things kicked off.

24 Q. Do you know whether the results of
25 the audit were provided to him?

1 A. I don't remember.

2 Q. Did you have any meetings with him?

3 A. Not me personally.

4 Q. Do you believe that if there were,
5 they would be with either Karen Smith or Tom
6 Parker, then, would have discussed this with
7 him?

8 A. Yes.

9 Q. Who is Larry Zydou?

10 A. Larry Zydou.

11 Q. Zydou?

12 A. At the point in time, he was our
13 acting assisting controller, auditing. He was
14 the top person in auditing, and he was also an
15 audit director. He was fairly new to the
16 department, but --

17 Q. What role did he play in the audit?

18 A. Fairly minimal. I mean, he was
19 fairly new. He came in, I think, during the
20 audit, as I remember. He was put on as acting
21 during the middle of it. And his was more of
22 just a review. He knew of the audit, what the
23 findings were, had seen a copy of the legal
24 letter that was sent out.

25 Q. Did you ever discuss the audit with

1 him?

2 A. Yes.

3 Q. What were your discussions with him
4 about the audit?

5 A. Just like with the other remaining
6 audit department members. We just talked about
7 what we found, what we did, those kind of
8 things, what our recommendations were.

9 Q. What was his response to that?

10 A. I don't remember specifically. But,
11 you know, generally, you know, if he had a
12 problem with it he wouldn't have let the report
13 go out the door. I mean, that's just generally
14 their role, so.

15 Q. Did you discuss your recommendation
16 concerning third-party verification with him?

17 A. I'm sure we did. I don't remember it
18 specifically; but, I mean, we discussed the
19 whole report with him.

20 Q. And do you recall his response?

21 A. Not -- not specifically, no.

22 Are we done with the planning memo?

23 Q. I think for now. I don't want to
24 guarantee it, but.

25 A. Okay. I'll set it aside, then.

1 Q. Let me ask you briefly about a
2 document Bates stamped 18274.

3 MR. WOFFORD: Just the one page,
4 Charlie?

5 MR. BECK: The document that goes
6 through -- or this is a letter that's
7 three pages long going through Bates
8 stamped 18276.

9 BY MR. BECK:

10 Q. I'd like to ask you if you recognize
11 that document?

12 A. I do.

13 Q. Could you briefly describe what it
14 is?

15 A. Is it an audit report from an audit
16 of GTE Long Distance in 1997.

17 Q. Were you personally involved in that
18 audit?

19 A. No.

20 Q. That's an audit different than the
21 one you conducted on Snyder; is that right?

22 A. Yes.

23 Q. But as part of your audit at Snyder
24 did you review this audit?

25 A. We reviewed the report for the

1 findings as part of our planning process.

2 Q. Let me ask you on the first page of
3 this letter, toward the bottom, it says: In
4 our opinion the controls addressed within the
5 scope of our audit are inadequate?

6 A. Yes.

7 Q. Are you familiar with that -- that
8 opinion that's in the letter?

9 A. That's our typical opinion for --
10 that's our worst opinion for when we issue a
11 report.

12 Q. And when you did your audit of
13 Snyder, you were aware of that opinion that had
14 been made in this earlier audit of GTE Long
15 Distance. Is that right?

16 A. I was aware of it, yes.

17 Q. What impact did that have on your
18 audit of Snyder, if any?

19 A. I don't know of any. I don't know
20 that it had any impact, really. I know that we
21 looked at this audit as a reference tool to
22 help us understand the process, to help us make
23 sure that we're testing the right things,
24 because they had done a lot of the preliminary
25 work back in June of '97 or even earlier that

1 we used again as a reference source.

2 Q. Let me ask you to turn to Bates
3 stamped page 18483.

4 MR. WOFFORD: What's the full range?

5 MR. BECK: I'm not sure.

6 MR. WOFFORD: It begins with 18483.

7 BY MR. BECK:

8 Q. Do you recognize the document that's
9 Bates stamped page 18483?

10 A. Generally, yes.

11 Q. And it says Lead Memo at the top;
12 does it not?

13 A. Yes.

14 Q. Can you describe generally what a
15 lead memo is?

16 A. A lead memo is our base document, our
17 work paper. It's where we document our
18 testing, a specific piece of the testing, let's
19 say.

20 Q. And is this part of a larger
21 document? I was wondering if you could
22 identify the pages that would consist --

23 A. It has two pages. With this lead
24 memo there are two pages, 83 and 84.

25 Q. That's 18483 and 18484?

1 A. Yes. Those are the two that really
2 go together. And then there would be -- if
3 there would be anything it would be B-11 dot
4 anything else at the top of the page here.

5 Q. All right.

6 A. And then there would be -- those
7 would be associate documents. But I don't see
8 that on the next set of Bates stamps, so I
9 don't know if they're out of order or whatnot.
10 But these are the only two that really kind of
11 go together.

12 Q. All right. At the bottom of the page
13 under Findings, Condition Issue, it states
14 that: No standardized and formalized process
15 is in place for the forwarding and handling of
16 complaints to Snyder. Do you see that?

17 A. Yes, I do.

18 Q. Could you describe in a little bit
19 more detail what the problem is that that
20 addresses?

21 A. That we found at that point in time?

22 Q. Yes.

23 A. The basic finding that we had was
24 that complaints would come in from various
25 sources and there was no central point to take

1 those in, handle them and make sure that they
2 got resolved adequately. That was our biggest
3 concern, biggest problem. There were multiple
4 places, people, whatnot. I mean, there was --
5 Snyder had a complaint piece, GTECC had a
6 complaint piece, so on and so forth.

7 Q. On the top of the next page, which is
8 Bates stamped paged 18484, there's an area that
9 says "risk high". Are there various
10 descriptions of risk; are there various
11 categories of risk that you can ascribe to a
12 practice?

13 A. Yes. Low, medium and high.

14 Q. Okay. And the high then is the
15 highest risk?

16 A. Correct.

17 Q. And it says: Lack of formality may
18 result in either untimely resolution or lack of
19 correction of unethical sales practices. Is
20 that right?

21 A. Yes.

22 Q. And do you agree with that?

23 A. That is the risk of not being able to
24 track some of these things.

25 Q. Let me ask you to turn to page 18495?

1 A. Yes.

2 Q. This is a lead memo for a section of
3 the audit described as B-12. Is that right?

4 A. Yes.

5 Q. And you recognize this, this lead
6 memo?

7 A. Generally, yes.

8 Q. And then: The objective of this memo
9 is to ensure that customer complaints are being
10 handled properly and in a timely manner; is
11 that right?

12 A. Yes.

13 Q. And then under Source there are a
14 number of what look like subsections to me, is
15 that what you could describe that? Or what
16 would you describe that as?

17 A. The B-12.1 through B-12.10, these are
18 supporting documents that support this document
19 or would be referenced in this document.

20 And if you look at 18499.

21 Q. Yes.

22 A. Just as an example, the way we
23 cross-reference our -- the work papers, B-12.1
24 would be the summary of test work. And up at
25 the top of this document you'd see handwritten

1 B-12.1. That would show that these are the two
2 documents that the two are pointing towards or
3 referencing each other.

4 Q. Okay. Okay. Let me go back again to
5 those lists of the subpoints?

6 A. Yes.

7 Q. B-12.1 is a summary of test work?

8 A. Yes.

9 Q. B-12.2 is a log of all complaints for
10 unauthorized switching on hand at Snyder?

11 A. Yes.

12 Q. Okay. How did you determine, you the
13 auditors, complaints of unauthorized switching
14 on hand at Snyder?

15 A. If a customer would call in to Snyder
16 and say that I had been slammed or I have a
17 complaint or whatnot, they would log it; and it
18 was supposed to make it on this log.

19 Q. Let me backtrack again here to
20 B-12.1, which is the summary of test scores?

21 A. Yes.

22 Q. And you referred me earlier to page
23 18499 as a place where that summary of test
24 work starts. Is that right?

25 A. Yes.

1 Q. And to which page does that extend,
2 the summary of test, or B-12.1?

3 A. I think that's the only one. Let me
4 just double check.

5 That's what it looks like. It's just
6 one page.

7 Q. What would be on the next page, then,
8 on Bates stamped page 18500?

9 A. B-12.2, which would be the next
10 cross-referenced document, which would be the
11 log of all complaints for unauthorized
12 switching on hand at Snyder.

13 Q. How do these relate, the 12.1 and
14 12.2?

15 A. I believe 12 point -- let me just
16 make sure, hold on.

17 12.2, B-12.2 was the Snyder listing
18 of complaints, and that was used to pick a
19 sample for testing.

20 Q. Is the sample on 12.1?

21 A. Yes.

22 Q. So 12.1 is a sample of those that are
23 listed on 12.2?

24 A. Correct. We took a sample of 25
25 items.

1 Q. Let's look at the sample, which is on
2 Bates stamped page 18499?

3 A. Yes.

4 Q. There are a number of -- or one of
5 the first columns is BTN?

6 A. Yes.

7 Q. What does BTN stand for?

8 A. Billing telephone number.

9 Q. And there are a number of 305 area
10 code numbers listed there; is that right?

11 A. I see about five, yes.

12 Q. Are there six?

13 A. I'd have to count them, one -- I got
14 seven. Item number 5 and then items 13 through
15 18.

16 Q. Okay. Seven area code 305s?

17 A. Yes.

18 Q. And also one item 19 in the area code
19 407; is that right?

20 A. Yes.

21 Q. And all those area codes are in
22 Florida; are they not?

23 A. I'm not sure.

24 Q. Well --

25 A. I just don't know.

1 Q. All right. Well, in any case, if we
2 combine 305 and 407, we have eight of those
3 that are in either of those area codes --

4 A. Yes.

5 Q. -- out of your 25?

6 Now, let's just take one, just take
7 the first one, for an example. All right.
8 That's line 5 for the 305-651-6513?

9 A. Yes.

10 Q. Okay. This, again, comes from a
11 subsection of all those complaints that were
12 received by Snyder?

13 A. Yes.

14 Q. And are these the only complaints
15 about unauthorized changing?

16 A. I don't remember exactly. I don't
17 know if they were. I don't remember
18 specifically if it was all just complaints of
19 slamming or complaints of any nature. I don't
20 remember.

21 Q. Let me ask you to direct your
22 attention back to 18495, that page?

23 A. Yes.

24 Q. Doesn't under section B-12.2 say:
25 Log of all complaints for unauthorized

1 switching on hand at Snyder?

2 A. Yes.

3 Q. So these would only be complaints for
4 unauthorized switching. Is that right?

5 A. That's what I'm thinking, yes.

6 Q. Okay. Let's go back to 18499. Could
7 you just read across and tell me what each of
8 those columns mean with respect to that item,
9 as an example?

10 A. Give me just a minute, please, so I
11 can just make sure I'm familiar with this.

12 Q. Sure.

13 A. (Witness reviews document.)

14 Okay. The first, it looks like four
15 columns which include BTN trans date, required
16 date and rep I.D. Those are basic
17 identification so we know what the key time
18 frames were, what the customer phone number was
19 and who was the actual one processing.

20 Q. Is the transaction date the date that
21 the switch purportedly occurred or was
22 purportedly authorized?

23 A. I'm not 100 percent sure but I -- I
24 don't know for sure, but I would say yes.

25 Q. How about the required date; is that

1 what you call that?

2 A. It may be request date. It may be
3 the date the request got processed.

4 Q. Go ahead.

5 A. Again, I'm not sure what each of the
6 dates actually represent at this point in time.
7 I'm sure when we were doing the test we did,
8 but I just don't have anything that shows me
9 what they are, what they mean today.

10 The next one is the action plan,
11 which on this one says Written warning/invest.

12 Q. What does that mean?

13 A. Well, looking at the original B-12.2,
14 looking for that item, the action plan, what
15 Snyder was going to do with it, I assume, is
16 that they were going to issue a written warning
17 to the rep or to someone and then they were
18 going to investigate the change at a further
19 date.

20 Q. And that's for the complaint of
21 unauthorized switching that that action plan
22 was taken?

23 A. I believe so, yes.

24 Q. Go ahead.

25 A. The action plan date was the next

1 date is when that was supposed to happen or
2 when it did happen.

3 Audit by QA was their QA department.
4 Did someone take a look at it from their side?

5 Step A, Test Work Steps A. If you
6 reference down below: The following tests were
7 performed for the columns listed.

8 Do you want me to continue?

9 Q. In other words, I just look to the
10 bottom of the page for those columns A through
11 D to say what they are?

12 A. Yes, sir.

13 Q. Okay.

14 A. And each of the columns will tell you
15 what they verified. And if we had -- in this
16 case you'll see that we had -- there was an E-1
17 in column A.

18 Q. Yes.

19 A. E-1 being that that was an exception
20 that we took. It says see B-12.

21 Field personnel did not resolve
22 complaint within 72-hour time line. That was
23 an internal metric that Snyder had that if a
24 complaint came through that their field sales
25 personnel would have to resolve it within 72

1 hours. That's what the E-1 referenced.

2 And then going across, the different
3 tick marks are, again, down here at the bottom
4 on the right-hand side of that that says:
5 Tested with no exceptions, blah, blah, blah.

6 Q. All right. Now, on the page of the
7 12-2 pages, which I take it are eight pages,
8 beginning at Bates stamp 18500 through 18507?

9 A. 18507? Yeah.

10 Q. And these are a log of all complaints
11 for unauthorized switching on hand at Snyder we
12 discussed earlier. Is that right?

13 A. Yes.

14 Q. What was the time frame covered by --

15 A. Well, just a second. I want to make
16 sure that they're all the same.

17 Q. Sure.

18 A. Yes, it looks like they are all the
19 same.

20 Q. What was the time frame covered by
21 this?

22 A. I don't know for sure. I can tell
23 you what the report shows. I don't remember
24 specifically.

25 Q. All right. Go ahead and tell me what

1 the report shows?

2 A. Up at the top there's a marker that
3 says: CRC complaints (1/1 through 4/8). So.

4 Q. So would that indicate to you that
5 these are the complaints received by Snyder
6 about unauthorized switching during that period
7 January 1 through April 8th of 1998?

8 A. It could be. I mean, those are the
9 only dates that I see. I mean, I don't have
10 anything that tells me one way or the other.

11 Q. Okay. And, of course, this doesn't
12 include any of the complaints received by GTE
13 about slamming; these are only the ones
14 received by Snyder. Is that right?

15 A. I believe so, yes.

16 I don't know if there are duplicates
17 or if this is an independent log; I just don't
18 remember specifically.

19 Q. And if we wanted to know what
20 complaints had been received by Snyder, we
21 could look at the area code of the BTNs to see
22 which ones are Florida, relating to Florida.
23 Is that right?

24 A. I would assume so, yes.

25 Q. Going forward in the documents now,

1 leaving those behind, page 18519?

2 A. 519? I'm sorry.

3 Q. Yes.

4 A. Okay.

5 Q. This is one of the supporting
6 worksheets. Is that right?

7 A. Let me just familiarize myself.

8 Q. Please tell me what this page shows?

9 A. Give me just a minute, please.

10 Q. Sure.

11 A. What I believe these to be is the
12 actual detailed documents that support the
13 report starting on 500, 18500. Looking at
14 complaint investigation form sent to GSM and
15 returned from GSM with action plan.

16 Q. So these are a portion of the
17 complaints received by Snyder that --

18 A. Yes.

19 Q. -- that you looked at as part of the
20 audit?

21 A. I believe so. I'm trying to just
22 find one and cross reference it.

23 I believe what they are -- I believe
24 what they are is they are supporting documents
25 of the actual action plans that were sent from

1 the field up to Snyder headquarters personnel
2 for summarization in this report.

3 Q. This report referring to?

4 A. 18501 -- I mean, 500.

5 Q. All right. Let me see if I
6 understand correctly what this is an example
7 of. These are three -- there are three 305
8 area code numbers listed here. Is that right?

9 A. Yes.

10 Q. And all of them have transaction
11 dates in January, late January of 1998?

12 A. Yes.

13 Q. Is that right?

14 And these are complaints that were
15 received by Snyder of unauthorized switching.
16 Is that right?

17 A. That I'm not sure of. I can tell you
18 what's on here, but I don't remember what
19 specifically this was used for. It looks like
20 this is -- we send this out the door to say
21 here are your complaints that go to your
22 region, and then it's listed by these people up
23 here. That's my understanding.

24 Q. Well, by complaints, wouldn't that be
25 a complaint of unauthorized switching?

1 A. I would assume. I don't know. I
2 really don't know. I just don't remember
3 specifically or not.

4 Q. Well, what other complaints did you
5 look at? Were there others other than
6 unauthorized switching?

7 A. No. I think most of them were all
8 about switching. I just don't remember
9 specifically about this one. If I had to
10 guess, I would say that's what specifically
11 this is. I just -- it doesn't have much on
12 there to give me any indications one way or the
13 other. I'm sorry.

14 Q. I'm just trying to understand what it
15 shows myself.

16 A. But if you -- on 519 you can cross
17 reference item 14, which is handwritten there;
18 and you can cross reference it to page 18502 by
19 the BTN, billing telephone number.

20 Q. And in fact, the 14 means that this
21 is one of the items that was selected for
22 testing?

23 A. Correct. Yes.

24 Q. And we would find this on page 18499,
25 which shows, as I understand it, the subpart

1 portion of the complaints received by Snyder
2 about unauthorized switching that you actually
3 tested for?

4 A. Correct. And it is on there.

5 Q. Okay.

6 A. It's just all the supporting
7 documentation for how we did the test.

8 Q. And just as one more example on the
9 next page, which is 18520.

10 A. Yes.

11 Q. This lists three instances of where
12 the transaction date is in February of 1998 and
13 it involves either the area code 407 or 305?

14 A. Yes.

15 Q. And these are instances where there
16 are complaints of unauthorized switching that
17 Snyder received. Is that right?

18 A. Again, based upon what I see here, I
19 think that that's -- I guess so, yes. I'm not
20 100 percent sure. I'm sorry.

21 Q. Well, again, though, let me -- let's
22 try to tie this down. These are items that you
23 tested for, and it's shown on page 18499,
24 right?

25 A. When we tested we selected from the

1 log, which was starting at 18500.

2 Q. Right.

3 A. That log is a log of complaints.

4 Q. Complaints of unauthorized switching,
5 right?

6 A. Yes.

7 Q. Yes.

8 A. Yes. And then from there, these are
9 the supporting detail that make up that log.
10 So, yes, those would be the supporting logs
11 that were sent to the field to the general
12 sales managers and that included their action
13 plans and what they were going to do with them,
14 that would, again, be the follow-up to what got
15 put into this log.

16 Q. Okay. Let me ask you to turn to page
17 18533?

18 A. 18533. I think that's in the next
19 set.

20 Q. I think it goes for three pages, if
21 I'm reading it right.

22 MR. WOFFORD: 18533 through what?

23 MR. BECK: Through 535.

24 BY MR. BECK:

25 Q. I'd like to ask you what this

1 document is?

2 A. Give me just a second, please.

3 It is a log of escalated complaints
4 sent to Snyder by someone in the GTE Network
5 Services Post Sales Fulfillment Area, Liz
6 Smith.

7 Q. So this is a different area, or these
8 are different complaints than the ones we
9 looked at earlier? These are complaints
10 received by GTE as opposed to Snyder?

11 A. Correct, that's my understanding.

12 Q. And these are the -- this is a log of
13 escalated complaints that were used as the test
14 to see whether all escalated complaints had
15 been received by Snyder. Is that right?

16 A. I believe there was -- just give me a
17 second.

18 Looking back through what this -- can
19 you repeat the question? I'm sorry. I just
20 want to make sure I'm answering the right
21 question.

22 Q. Is it correct that these are the --
23 these are escalated complaints for Snyder that
24 were received at GTE, and they were used to
25 test whether all escalated complaints had been

1 received by Snyder?

2 A. Yes.

3 Q. Now, these were received by Liz
4 Smith's group. Is that right?

5 A. Based on the information -- that's
6 who we got this from. I don't know how they
7 came in the door, but Liz Smith was the keeper
8 of this log.

9 Q. And Liz Smith works for which
10 company?

11 A. At that point in time, by looking at
12 the source information on here, the handwritten
13 note says: We got this from Liz Smith, GTE
14 Network Services, Post Sales Fulfillment, LD
15 Complaints.

16 Q. And this, I take it, is not a
17 complete list of all complaints; it's only
18 those used for testing?

19 A. That, I don't know. I don't know if
20 it's a complete listing or not. I don't know
21 if it was a snapshot or we took a couple -- I
22 mean, there's -- the date is cut off -- start
23 at 2/5/98 and go through 4/7/98. So there
24 could be more before that 2/5/98 date. There
25 could be more after 4/7. I don't know if we

1 took a sample mid course or what we did. I'm
2 just saying this is -- I think this is what we
3 used for testing, yes; but I don't know if it's
4 a complete report.

5 Q. Let me ask you to go through and
6 identify columns with me, if I could. Let's
7 take about the tenth one down, Nadine Frezen.
8 It starts on 2/26 1998?

9 A. Yes.

10 Q. 2/26/98 refers to what?

11 A. The date -- it says date received. I
12 would assume that's the date the complaint was
13 received.

14 Q. And right now we're discussing, just
15 for the record, Bates stamp 18533; is that
16 right?

17 A. Yes.

18 Q. And then that's the person's name
19 that follows that?

20 A. Yes.

21 Q. And that person's telephone number?

22 A. Yes.

23 Q. It says Florida there, for 305 area
24 code; doesn't it?

25 A. Yes.

1 Q. Next it says OOF. What does that
2 stand for?

3 A. Out of franchise.

4 Q. What does that mean?

5 A. It means it is -- an in-franchise
6 customer is a customer that is already a GTE
7 local phone service customer, that is, in the
8 GTE franchise area. An out of franchise
9 customer would mean that GTE does not have
10 local services or is not the primary ILEC in
11 that area. It's outside of our region.

12 Q. What does the next date, January 15,
13 1998, mean?

14 A. Date signed. I think it's the date
15 that the LOA was signed.

16 Q. The LOA stands for Letter of
17 Authorization?

18 A. Yes.

19 Q. Do you know what the following
20 columns represent?

21 A. Not really. I can speculate, but
22 that's it.

23 Q. Okay. Let me ask you about the -- do
24 you know what the event column, the Event I.D.
25 column means?

1 A. Again, I could speculate; but I don't
2 know for sure.

3 Q. The next column is Fraud. Do you see
4 that?

5 A. Yes, I do.

6 Q. And then the response under there is
7 either N or Y; is that correct?

8 A. Yes.

9 Q. And here we have a Y. Is that right?

10 A. Yes.

11 Q. I guess that means yes for fraud; is
12 that right?

13 A. That would be a fair assumption, yes.

14 Q. How was it determined on this page
15 whether or not there was fraud?

16 A. I don't know how they made that
17 determination.

18 Q. Who would have made it?

19 A. Liz Smith or somebody in her group or
20 whoever took the investigation.

21 Q. So these three pages, 18533 through
22 535 came from Liz Smith's group and already had
23 on there yes or no to the column on fraud?

24 A. Yes. This was prepared by her, and
25 we just took this document. These were

1 complaints that had already come in the door.
2 The test that we were looking to do was to make
3 sure that these got forwarded to Snyder
4 accurately.

5 Q. And do you know when this document
6 was provided?

7 A. By Liz Smith?

8 Q. Yes.

9 A. Not a specific date, no; but it was
10 within the audit time frame.

11 Q. The last event listed is, for date
12 received at least, is April 7, 1998. Is that
13 right?

14 A. Yes.

15 Q. And there are marks at the top of the
16 work paper on the first page of 4/14/98. Is
17 that right?

18 A. Yes.

19 Q. So it would be somewhere in that time
20 frame, between the 7th of April and the 14th of
21 April; would it not?

22 A. I would say it's probably even
23 earlier than that.

24 Q. Well, it couldn't be earlier than
25 April 7th, could it?

1 A. Well, I see a 4/8 in here. There's
2 one 4/8. There's a 4/7. I mean, there could
3 be --

4 Q. Okay. So it couldn't be any earlier
5 than April 8th of '98; is that right?

6 A. I would think not, no.

7 Q. Otherwise, you wouldn't have an April
8 8th entry?

9 A. That's good.

10 Q. But we also had a date on the first
11 page of April 14th, 1998, that's handwritten.
12 Is that right?

13 A. Yes.

14 Q. That's an auditor's mark. Is that
15 right?

16 A. Correct.

17 Q. So isn't it fair to conclude that
18 somewhere in the time frame April 8 to April
19 14th, 1998, is when this report was generated?

20 A. Yes.

21 MR. WOFFORD: Well, are you asking
22 when the report was generated or when it
23 was provided to the audit team?

24 BY MR. BECK:

25 Q. Well, let's do both. It would have

1 to be generated on or after April 8th and on or
2 before April 14th, wouldn't it?

3 A. I would think that's reasonable.
4 Because to be able to include an item from 4/8,
5 it would have to be generated on that date or
6 after, and we would have had it before the
7 auditor signed off on it and put the date of
8 4/14/98 on there. That would have been -- they
9 were done with that piece of testing.

10 MR. BECK: Are we okay? I mean, I
11 know this is tedious. Do you want to take
12 a short break?

13 MR. WOFFORD: I'd like to take a
14 short break.

15 (A recess was taken at this time.)

16 BY MR. BECK:

17 Q. Can I ask you to turn to Bates stamp
18 page 18536?

19 A. I don't think I have that one. It
20 should be in the next series, should be the top
21 one. Okay.

22 Q. Could you tell me what this document
23 represents?

24 A. Okay. It's a document prepared by
25 the auditor, Susan North. It is test results

1 for tracing of non-escalated complaints, sent
2 to -- sent by GTECC to Snyder.

3 Q. So she was seeing how well Snyder was
4 receiving non-escalated complaints that GTE was
5 sending to them?

6 A. Yes.

7 Q. And does this show that 28 complaints
8 was sent by GTE to Snyder on March 10, 1998?

9 A. Yes.

10 Q. Eight of those 28 did not involve
11 unauthorized switches. Is that right?

12 A. From reading the document, yes.

13 Q. Which means that 20 of them did
14 involve unauthorized switches. Is that right?

15 A. By doing the math, yes, it looks like
16 there were 20.

17 Q. And that's for one day in March of
18 1998; is that right?

19 A. Yes.

20 Q. And it says 43 percent of the
21 complaints -- of these complaints were not
22 received on March 10, 1998. Is that right?

23 A. Yes. There's a slight -- it says:
24 Percentage of complaints no received by Snyder
25 on 3/10/98. I would assume that that's a typo,

1 meaning not.

2 Q. And the purpose of this test was
3 simply to trace one day's worth of complaints
4 on hand at GTE and trace to see whether they
5 were in Snyder's log. Is that right?

6 A. Yes.

7 Q. And what this found is that 43
8 percent of the complaints were not making their
9 way into Snyder's log. Is that correct?

10 A. 43 percent of the non-escalated
11 complaints, yes.

12 Q. Okay. Let me ask you to turn to
13 Bates stamped page 18537?

14 A. Okay.

15 Q. Do you recognize this?

16 A. Yes.

17 Q. Could you briefly describe what was
18 tested as reflected on that Bates stamped page?

19 A. As I remember, at the point in time
20 that we were doing the work, we were only --
21 Snyder was only contracted to do residential
22 orders, not small business orders. And we had
23 gotten communication from Karen Smith that
24 there were some small business orders coming
25 through and they wanted us to investigate them.

1 And that's the nature of this document, to
2 research and determine cause of small business
3 orders taken before signing of contract with
4 Snyder.

5 Q. Let me ask you to look at that e-mail
6 that's on Bates stamped page 18539.

7 A. Yes.

8 Q. This is an e-mail from Karen Smith.
9 Is that right?

10 A. There's several E-mails here. But,
11 yeah, it's from -- at the top it starts: From
12 Karen Smith to MRS Smith, which was Mark R.
13 Smith. It was sent from Karen Smith to Mark
14 Smith.

15 Q. Then we get down -- this forwarding
16 of e-mails gets down to one that was -- let me
17 get to the substance of the forwarded e-mail,
18 if we could.

19 A. Okay.

20 Q. There are roughly 600 business orders
21 at a time when Snyder wasn't supposed to be
22 doing business orders; is that right?

23 A. Let me just --

24 Q. Sure. Please read that e-mail, if
25 you would. In fact, could you also read the

1 next Bates stamp as well and then we'll discuss
2 them all.

3 A. Okay. So on the next two pages, 539
4 and 540, were the ones you wanted to look at?

5 Q. Yes, please.

6 A. Okay.

7 Q. And I want you to describe basically
8 what test you did and what the event is that
9 you were looking at as part of the audit.

10 A. From reading this and just my general
11 recollections, what happened in this time frame
12 were we had business orders coming through
13 Snyder that shouldn't have been. They
14 shouldn't have been selling to business
15 customers.

16 Looking at the other information in
17 here, they seem to think that these customers
18 were walk-in customers and they were -- they
19 had business numbers and stuff like that. And
20 the customers through additional follow-up, you
21 know, were -- I'm not sure exactly how they
22 came in the door.

23 Their general contention is that
24 these customers were, one, they shouldn't have
25 been sold by Snyder because they were business

1 customers; and, two, they are indicating
2 several places that it's slamming.

3 Q. There are about 600 orders that were
4 purportedly for businesses. Is that correct?

5 A. According to the memo, yes.

6 Q. And on page 18539 it says that: The
7 first 30 contacted all were slammed. Is that
8 right? You, being GTE.

9 A. That's what the memo says.

10 Q. And I take it during that time of
11 these 600 business orders, Snyder wasn't even
12 supposed to be selling to businesses?

13 A. Well, I mean, just looking back at
14 some of our documentation, they sold these
15 customers residential plans on business lines.
16 Meaning that you have a B-1 line, a business
17 line versus an R-1 line which is a residential
18 line. And certain plans can be sold on an R-1
19 line that can't be sold on a B-1 line.

20 Without going back into all the
21 details of that, I don't know that I can
22 remember anyway. That, I know, was one of the
23 distinctions. Because we state that in the
24 lead memo on Bates stamp 18537: Were processed
25 with residential plans on business lines. That

1 was the defining point there.

2 Q. But, in fact, these were all -- these
3 were mostly slams, at least; is that correct?

4 A. According to the memo, yes, that's
5 definitely the indication.

6 Q. And by slam, that means the
7 businesses didn't authorize any of these
8 changes?

9 A. Reading further in the e-mail, that's
10 definitely what the results conclude from this
11 e-mail.

12 Q. And you did tests to determine the
13 cause of small business orders taken before
14 signing of contract. Is that right?

15 A. Let me glance back through this
16 again.

17 What this -- just reading through
18 this e-mail, it's basically documenting what we
19 knew of this problem is what we are doing.
20 It's not really any individual test that we're
21 going through other than just interviewing
22 individuals. If you're looking at the scope,
23 it talks about I.D., which is internal audit.
24 The internal audit department interviewed
25 various individuals to explain the cause and

1 action plan of the orders processed in the
2 e-mail. I.D. spoke with the following people.
3 And we tried to get to the root cause and why
4 they were rejected and any result in customer
5 complaints and what was basically being done
6 about this. This was kind of a follow-up just
7 to make sure that something we knew of is
8 somebody on the Snyder side, is somebody on the
9 GTE side taking care of it.

10 Q. Okay.

11 A. I mean, if you can read on -- if you
12 read on through the memo, you see basically it
13 says, the bottom of that page: Based on
14 conversations with GTE and Snyder personnel the
15 exact cause of this problem is unknown and is
16 likely a combination of both customer and rep
17 fraud. A trend analysis on these orders was
18 completed by Snyder which did not find any
19 significant trends by rep I.D. or location to
20 pinpoint the problem.

21 Q. There's one other e-mail on Bates
22 stamped 18541 through 18542?

23 A. Yes.

24 Q. And this simply describes the results
25 of the 30 test calls made with respect to that

1 problem with the business versus residential.

2 Is that right?

3 A. Yes.

4 Q. There are a number of Florida
5 customers listed there in the group; are there
6 not?

7 A. I see a couple, yes. There are
8 several in here that have the Florida State
9 code, FL, listed on them.

10 Q. And they all say slam or likely slam,
11 do they not, for Florida at least?

12 A. All the ones listed with the Florida
13 State code have likely slam listed next to
14 them.

15 Q. Okay. Let's move on. Let me ask you
16 to turn to Bates stamped page 18795. I'd like
17 to ask you about the table that's in the middle
18 of that page and ask you to describe what it
19 means?

20 A. Can I get 18794? It should be the
21 first page of that narrative.

22 MR. WOFFORD: It's blank.

23 THE WITNESS: I'm just looking at the
24 -- there's a Narrative E-2, page 2 of 6 is
25 what's --

1 793 is the first page. 794 is a
2 blank page. Do you want to keep it in
3 there?

4 BY MR. BECK:

5 Q. Yeah.

6 A. Okay. Give me just a second to
7 familiarize myself.

8 Q. Sure.

9 A. Okay.

10 Q. What I'd like for you to do is
11 describe what the chart shows on page 18795?

12 A. Well, the table provides detailed
13 information regarding payments that GTE has
14 made to Snyder for the months of January
15 through March of '98.

16 Q. Snyder gets paid only when GTE
17 accepts one of its sales; is that right?

18 A. According to the memo, yes. Yes.

19 Q. And this shows that during the period
20 of January through March of 1998, 48.44 percent
21 of the sales Snyder sent to GTE were not
22 accepted. Is that right?

23 A. Yes.

24 Q. Could you generally describe what the
25 cause is of GTE not accepting a sale sent from

1 Snyder to GTE?

2 A. Generally, there could be numerous
3 reasons for why a sale would be rejected. You
4 could have missing customer information. A big
5 one would be, like, the billing telephone
6 number would be wrong. If you miss one digit,
7 if a four looks like a nine, or vice versa,
8 that could throw off your processing because
9 it's very -- billing telephone number is the
10 big key field the system would go off of. If
11 the name and address don't match up with the
12 billing telephone number, if different key
13 fields were off. If you left off -- you could
14 leave off something of what carrier code should
15 be processed with this. If you were switching
16 from AT&T to GTE, you know, if you left off the
17 GTE PIC code, you know, you wouldn't know which
18 -- from a system standpoint, you wouldn't know
19 which one to change it to. A simplistic
20 example.

21 Q. So if an order comes in and has any
22 one of those problems, it won't be accepted by
23 GTE. Is that right?

24 A. Among other things, yes.

25 Q. Don't they get fixed and resubmitted?

1 A. There are places where orders will be
2 recycled. They will be kicked back to Snyder
3 or whoever originated the order and say we
4 don't have enough information to process this
5 order. There could also be other holdups,
6 systematic or otherwise that could be
7 contributing to that number as well.

8 Q. Is this number of 48.44 the -- the
9 48.44 percent unacceptable rate, is that the
10 net number? In other words, that's the number
11 that don't get fixed and are just never
12 accepted?

13 A. It doesn't really say. I wouldn't
14 know for sure. I mean, to say that they've
15 never been fixed or would not be fixed, I don't
16 know if they would get recycled back through or
17 not.

18 Q. On page 18803?

19 A. Let me get there.

20 Q. Okay.

21 A. Okay.

22 Q. These are just other charts showing
23 the same information; are they not?

24 A. It looks like a summary of the
25 activity.

1 Q. And it shows -- at one place it
2 describes them as GTE rejects of Snyder orders.
3 Is that right, one of the charts?

4 A. Yes.

5 Q. Does this help you in being able to
6 answer whether this is the amount that are
7 never, never accepted or not, if you know?

8 A. Not just by looking at it, no. I
9 mean, because it -- I'm just looking at it, and
10 it doesn't say if these ever get reprocessed or
11 not. I mean, if -- for example, the January
12 number of 2,789 rejects of those, did they get
13 recycled or is that 2000 number incorporated
14 into the February number? I don't know, you
15 know. Are there duplicates there and is it
16 just a billing total or what, or is this a
17 continuation of old orders dropping off and new
18 numbers coming on? I don't know.

19 Q. Okay. Let me switch topics a little
20 bit and ask you about the mystery shopper
21 review.

22 A. Where?

23 Q. Let's start at page 18866.

24 A. I don't think I have it. I stop at
25 849.

1 You said 18886?

2 MR. WOFFORD: 866.

3 THE WITNESS: 886?

4 BY MR. BECK:

5 Q. It's one of them.

6 And is this your audit program for
7 the mystery, for looking at the mystery
8 shoppers?

9 A. Yes.

10 Q. And what you did as part of this
11 audit is you actually appeared at the field,
12 the sales events that Snyder was attending and
13 you reported back what you saw, basically, is
14 that right, what happened?

15 A. Right. The mystery shops were
16 intended just to get us familiar with what was
17 happening at field events.

18 Q. And I'll just skip around a little
19 bit. Let me ask you about the documents 18893
20 through 18896.

21 A. Okay. I'm looking at 890.

22 Q. Okay. 18893 through 896.

23 A. Okay.

24 Q. Please describe your guidelines for
25 the mystery shopper inspection, if you would

1 call it that. Is that right?

2 A. Yes.

3 Q. Or the mystery shopper guidelines?

4 A. Yes.

5 Q. And on page, the third page of those,
6 which is 18895, there's a mystery shopper
7 checklist explanation. Is that right?

8 A. Yes.

9 Q. And the first part is Image and
10 Appearance. Is that right?

11 A. Yes.

12 Q. The first one is that: The Snyder
13 sales associates should identify themselves as
14 agents of GTE or representatives of GTE. Is
15 that correct?

16 A. Yes, that's what it says.

17 Q. And so one of the things you're
18 looking for is to make sure the Snyder people
19 represent themselves as GTE and not as Snyder
20 employees?

21 A. That is one of the things we were
22 looking for.

23 Q. And in fact, it specifically states
24 they should not be identifying themselves as
25 Snyder employees. Is that right?

1 A. Right.

2 Q. And the second thing says: The sales
3 rep should be wearing a name tag with a GTE
4 name and/or logo. Is that right?

5 A. Yes, it is.

6 Q. So that's another thing you would
7 look for as a mystery shopper?

8 A. Right.

9 Q. And the third thing says: The sales
10 rep should be wearing Docker style pants with a
11 GTE logo shirt or a plain white and blue shirt
12 that should be appropriate for the event. Is
13 that right?

14 A. Yes, it does.

15 Q. Okay. And that's another thing that
16 you looked for in your mystery shopper
17 inspection. Is that right?

18 A. Generally speaking, yes. Those are
19 just some general guidelines that we had.

20 Q. Let me ask you to turn to page 18880.

21 A. It's right before this.

22 Q. Sorry.

23 A. Okay.

24 Q. Do you recognize page 18880?

25 A. Give me just a second to get

1 organized a little bit.

2 Q. Sure. Sure.

3 A. Yes.

4 Q. You prepared this document; did you
5 not?

6 A. Yes.

7 Q. And this was a mystery shopper
8 inspection in Chicago?

9 A. Yes.

10 Q. Did you go to Chicago just for this
11 purpose?

12 A. Yes, I did.

13 Q. And you -- one of the things is you
14 looked to see whether the representatives were
15 identifying themselves as a representative of
16 GTE Long Distance, and you answered yes. Is
17 that right?

18 A. Yes, I did.

19 Q. And in fact, that's what happened? I
20 mean, you went and looked and saw that they
21 represented themselves as GTE?

22 A. I went up and talked to this
23 gentleman.

24 Q. And he had a GTE logo on his shirt?

25 A. I believe he had a jacket -- a shirt

1 on, and then he had kind of like a light
2 windbreaker is what I remember. But I have
3 written down GTE logo shirt with jacket cover.

4 Q. Okay. And anyhow, this page and --
5 is it a two-page report of your inspection of
6 this person?

7 A. Yeah, I believe the checklists were
8 all of two pages.

9 Q. So it's pages 18880 and 18881 for
10 your inspection of this person in Chicago. Is
11 that right?

12 A. Yes.

13 Q. As part of your audit, other people
14 did these in Florida as well; did they not?

15 A. Yes, they did.

16 Q. And on 18882, we have one in Miami.
17 Is that right?

18 A. Yes.

19 Q. And in that case your auditor
20 determined that the representative -- or the
21 Snyder employee was identifying themselves as a
22 representative of GTE Long Distance. Is that
23 right?

24 A. They circled yes.

25 Q. Okay. And they were wearing a name

1 tag with a GTE name on it. Is that correct?

2 A. They circled yes again to that
3 question.

4 Q. So was your answer yes to my
5 question?

6 A. Yes.

7 Q. And on page 18886, we have another
8 mystery shopper in Miami. Is that right?

9 A. Yes.

10 Q. And again, during this inspection,
11 they found that the representative identified
12 themselves as representatives of GTE Long
13 Distance and they were wearing a name tag with
14 a GTE name on it. Is that correct?

15 A. That's how they indicated on this
16 sheet, yes.

17 Q. Let me ask you about Bates stamped
18 page 18919 through 18920.

19 A. 919, you said?

20 Q. Yes, 919 through 20.

21 A. Okay.

22 Q. Is this more backup to your audit
23 concerning the mystery shoppers?

24 A. I believe what we're looking at here
25 is we're looking at mystery shops performed by

1 another company. I think it was Wells Fargo,
2 but I would have to go back and look.

3 Q. Oh, okay. They had done some mystery
4 shopping for Snyder themselves; had they not?

5 A. Yes.

6 Q. And you were reviewing the results of
7 Wells Fargo's mystery shopper events?

8 A. Whoever was doing it. I think it was
9 Wells Fargo. I would have to go back and
10 double check. But somebody was doing -- an
11 outside company was doing mystery shops; that's
12 where we got kind of the idea to do it
13 ourselves. They were doing it in different
14 places. The particular document you referenced
15 I believe was in Florida.

16 And what we were looking at them for
17 was to get an idea of what was going on, what
18 other people were seeing, what the other
19 company was seeing. It was just general
20 information more for our understanding, again,
21 reviewing what would have already been done.

22 Q. This document indicates that during
23 this inspection in Homestead, Florida, the
24 Snyder employee was wearing a name tag with a
25 GTE name. Is that right?

1 A. Which number again?

2 Q. 18919.

3 A. Representative wearing name tag with
4 company name. Yes.

5 Q. By company name, it means GTE; does
6 it not?

7 A. I believe so, yes.

8 Q. All right. Let's change topics a
9 bit.

10 A. Are we done with the mystery shopper
11 stuff?

12 Q. Well, those documents.

13 A. Okay.

14 Q. And the next document I'm going to
15 ask you about is Bates stamped 17819.

16 A. 17819?

17 Q. Yes. Do you recognize that?

18 A. I've seen it before, yes. I
19 generally recognize it.

20 Q. Is this one of the documents you
21 reviewed as part of your audit?

22 A. I know we looked at their training
23 manuals, and that's where this looks like this
24 comes from. Like I said, it does look
25 familiar.

1 Q. And their training manual says that
2 they must wear clean and appropriate GTE sales
3 associate shirt; does it not?

4 A. Yes.

5 Q. And they must always wear a visible
6 GTE I.D. badge. Is that right?

7 A. Yes.

8 Q. And those are two things that you
9 checked on your mystery shopper analysis that
10 you did as part of your audit. Is that right?

11 A. Yes, we did.

12 Q. And were you trying to see whether
13 they were doing the things that their training
14 manual says they're supposed to do?

15 A. One of the tests, yes.

16 Q. And this is confirmed on Bates
17 stamped page 17845?

18 Do you have that one? It's coming.

19 A. In process.

20 Q. Is this again from the training
21 manual of -- I'm sorry.

22 A. Based on the footer, it appears so.
23 It appears to be from the same manual.

24 Q. This is the Snyder training manual?

25 A. The training and performance

1 development manual, yes.

2 Q. And again, this says the mystery
3 shopper evaluates whether the Snyder employees
4 are wearing an I.D. name tag. It doesn't say
5 it, but I assume it means with GTE name tag
6 and also wearing GTE approved attire. Is that
7 right?

8 A. Yes.

9 Snyder Direct Services, Inc.,
10 Consumer Field Markets, Training and
11 Performance Development.

12 Q. Let me ask you to turn to page
13 18259.

14 A. I don't have that one. What was the
15 number again?

16 Q. 18259. You should.

17 A. The first one I have is 256, 275.

18 Q. You can look at mine, if you like.

19 MR. WOFFORD: These must have gotten
20 out of order.

21 THE WITNESS: Well, we've got several
22 pulls from different places; but I don't
23 see it generally in here.

24 BY MR. BECK:

25 Q. Let me just ask you to look at Bates

1 stamped 18259 and ask you if you recognize it?

2 A. I do.

3 Q. What is it?

4 MR. WOFFORD: Here, I've got it.

5 THE WITNESS: It's a preliminary
6 scope that the internal audit department
7 and I put together when we were doing our
8 original planning for the audit.

9 BY MR. BECK:

10 Q. Okay.

11 A. Thank you.

12 Q. This just describes preliminarily
13 what your audit was designed to accomplish. Is
14 that fair to say, or not?

15 A. When we had our initial discussions
16 with the key players, which would have been the
17 people I've already named, Karen Smith, George
18 Wieskopf, Ted Gilmore, what did we want the
19 audit to accomplish. These were a brain dump
20 of activities that we would want to take a look
21 at when we were there.

22 Q. Let me ask you to turn to page 18262
23 and 18263. Ask you if you recognize that
24 document?

25 A. I do.

1 Q. Could you describe what it is?

2 A. It is a letter from Chris Owens, who
3 is the president of GTECC Consumer Markets to
4 four individuals at GTECC related to business
5 ethics/compliance.

6 Q. Let me first ask you about Chris
7 Owens who was then president of consumer
8 markets. What does that encompass, consumer
9 markets?

10 A. At this point in time consumer --
11 GTECC was broken up into a couple different
12 units, and one of them was consumer markets,
13 which was primarily residential sales.
14 Consumer markets were closely assigned with
15 small businesses and residential lines.

16 Q. Is this only GTECC? He's the
17 president of consumer markets for GTECC?

18 A. Yes, I believe so. That was -- it's
19 on the GTECC letterhead, and that's what my
20 recollection is.

21 Q. And that includes Long Distance, does
22 it not, for that segment?

23 A. I don't know how LD, Long Distance,
24 rolled up underneath this at this point in
25 time, March 10, 1998.

1 Q. And there are four people this was
2 sent to. Could you identify each of those four
3 people and what their positions were with the
4 company?

5 A. I'll do what I can. G. Allen, I do
6 not know. J. Bilney would be Jody Bilney;
7 she was in the sales area.

8 Q. Of GTECC?

9 A. Of GTECC.

10 Q. Okay.

11 A. Ted Gilmore which was -- he was for,
12 again, he was in the sales area but he was in
13 -- I believe he was the head of Snyder on the
14 GTECC side. I think he was VP/GM was his
15 title.

16 Q. VP would be vice-president and
17 general manager?

18 A. Yeah. I've got it listed someplace
19 in one of these other documents. In the
20 planning memo I know there was a listing of
21 what his exact title was. I could find it if
22 you'd like.

23 Q. Well, it's not necessary right now.
24 Who's the last person --

25 A. Ted --

1 Q. Oh, I'm sorry. Go ahead, then.

2 A. Ted Gilmore VP/GM, LD Division,
3 Snyder liaison was what we had him as the
4 title.

5 Q. Okay. And LD Division is Long
6 Distance?

7 A. Yes.

8 Q. And he was one of the people in
9 charge of liaison with Snyder?

10 A. Yes, that's how we had him listed.

11 Q. Okay. And who's J. Havens?

12 A. John Havens, again, I think he's in
13 the sales organization. I doubt know his exact
14 title, but I recognize the name.

15 Q. Why is this letter in your -- first
16 of all, is this letter in part of your audit
17 work papers?

18 A. Yes, it was.

19 Q. Why is it there?

20 A. It was planning materials to give us
21 an understanding of what the environment was
22 like, give us an understanding of the
23 regulatory concerns related to these issues
24 related to Snyder.

25 Q. You see there some handwritten notes

1 on the right side of page 18262?

2 A. I do.

3 Q. Could you read them?

4 A. I'll give it my best shot. It
5 starts off, says: Copy to: There's some
6 scratching that looks like a TKE slash. I'm
7 not sure, it could be a Steve or something, I'm
8 not sure.

9 Q. Do you know what the TKE would stand
10 for?

11 A. No, I don't.

12 Q. Can you read the rest of the
13 handwritten notes?

14 A. See note something. I don't know
15 what that word is. We need to look at. And
16 then I can't make out what the rest of this
17 says. I really can't make it out.

18 MR. BECK: At the end of this I'm
19 going to ask for a legible copy of this
20 with the note so I can read it.

21 MR. WOFFORD: I can't read it either.
22 I'm not sure.

23 THE WITNESS: I don't know if we have
24 one. This was -- I remember, from the
25 work papers that this is a copy of a copy.

1 I don't know if anybody still has the
2 original. I don't know. I just know why
3 it was in here was because of the -- the
4 subject matter was related to Snyder and
5 telemarketers as a whole, again, setting
6 us up for what the environment was like
7 for planning information for us.

8 BY MR. BECK:

9 Q. Now, Mr. Owens who was the author of
10 this letter, was he provided the results of
11 your audit?

12 A. I don't remember specifically.

13 Q. Okay.

14 A. He could have had knowledge of it,
15 but I don't know.

16 Q. All right. Let me ask you to turn to
17 the document that starts at page 20907.

18 A. I know I don't have that one.

19 Q. And it's entitled Snyder
20 Communications, Inc., GTE Policies and
21 Procedures Manual. Do you recognize the
22 document that begins at page 20907?

23 A. Generally, yes. I know that we had
24 a couple of Snyder manuals in our work papers
25 that we used as reference material.

1 Q. Where does this document stop, at
2 what Bates stamped page?

3 A. I'll just have to see if they have
4 an index up at the front. I show on 20908 that
5 it has 14 items listed on the table of
6 contents, and that would take us all the way up
7 to 20958, which would be the end, which would
8 be the last end tab is what it looks like. So
9 I would assume that that would probably be, if
10 the numbers are concurrent, that it would be --
11 I think that would be the end point.

12 Q. Okay. All right. And this is part
13 of your audit backup because it's something you
14 used as part of the audit or at least reviewed?

15 A. It is. When we're originally doing
16 the planning for the audit, you know, one of
17 the things we always request is we ask for
18 policies and procedures of what are you
19 supposed to be doing. And this is, for Snyder,
20 one of the backup materials that we obtained.

21 Q. Let me ask you about Bates stamped
22 page 20914?

23 A. Yes.

24 Q. This page covers their policy with
25 respect to representation, is that right, their

1 representation policy?

2 A. That's what it says on the top, yes.

3 Q. What I'd like to ask specifically
4 about is under the operating process on that
5 page, there's a bullet, seventh bullet under
6 Snyder's responsibility. It says: Enforce a
7 dress code that includes usage of GTE branding.
8 And then it lists a series of items. And I was
9 wondering if you could discuss the type of
10 branding that Snyder used that's shown there
11 that would show GTE?

12 A. I don't know the specifics. I could
13 tell you when I did the mystery shop and when
14 we saw different articles around the Snyder
15 offices.

16 Q. Okay. Please do?

17 A. They used the small GTE bug, which is
18 -- it's just the logo.

19 Q. What bug?

20 A. Let me use this for a second.

21 MR. WOFFORD: No, I don't think he
22 wants you to draw.

23 THE WITNESS: Oh, I'm sorry.

24 BY MR. BECK:

25 Q. Just describe it. There's a bug

1 that's the GTE logo?

2 A. It's our logo. It's a little
3 circular, oval picture that has GTE written on
4 it. It's blue and white. That's just what
5 they call it, the GTE bug. I'm sorry.

6 Q. Go ahead.

7 A. Sorry. When we saw that, it was the
8 standard GTE logo that we had on there. It was
9 either blue or white was the standard colors.

10 Q. And where would Snyder use that?

11 A. On the I.D. badge that I remember, I
12 believe that there was a small logo on that
13 badge. They had some promotional materials
14 also that had the GTE logo on it as well.

15 Q. Did the shirt Snyder employees wear
16 have the GTE logo on them?

17 A. The one that I remember from the
18 mystery shop, yes.

19 Q. In fact, their policy says that.
20 That's the first one listed under GTE branding
21 shirts. Is that right?

22 A. Yes.

23 Q. How about caps, have you ever seen
24 Snyder people wear a cap with a GTE logo?

25 A. No.

1 Q. How about shirts or advertisements,
2 did they have a GTE logo that you've seen?

3 A. I did see some promotional materials
4 that, again, had the small GTE logo on them.

5 Q. Any other items listed here where you
6 recall seeing GTE logos?

7 A. The sales booths, Item J. They also
8 had -- they would have banners that would
9 list, you know, have the GTE logo on there and
10 say GTE Long Distance, something like that,
11 when they would set up their booths.

12 MR. BECK: Okay. That's it. Thank
13 you very much.

14 Do you have any?

15 MR. FORDHAM: No questions.

16 MR. WOFFORD: Give me just about five
17 minutes, and I may have a few questions.

18 MR. BECK: Okay. Go right ahead.

19 (A recess was taken at this time.)

20 MR. WOFFORD: Back on the record.

21 EXAMINATION

22 BY MR. WOFFORD:

23 Q. Mr. Weaver, I have a few questions.
24 I want to try and clarify some of your earlier
25 testimony.

1 Can you look at the document that
2 that's been labeled 18536, please?

3 A. Yes.

4 Q. The first line of that document
5 underneath the heading talks about the number
6 of complaints on hand at GTECC sent to Snyder
7 on March 10, 1998, doesn't it?

8 A. Yes.

9 Q. Does that document say anything about
10 the number of complaints received by GTECC on
11 any particular day?

12 A. It's ambiguous. It does not say that
13 specifically.

14 Q. Do you see anything on here that
15 indicates to you affirmatively that any number
16 of complaints were received by GTECC on a
17 particular day?

18 A. It says it was sent to Snyder on
19 3/10/98. It doesn't show how many, if that was
20 from previous days or not. It just shows that
21 they sent 28 documents -- or 28 complaints.
22 I'm sorry.

23 Q. And there's a little asterisk next to
24 that legend, right?

25 A. Yes.

1 Q. And the description of the number of
2 documents sent to Snyder on a particular day is
3 further explained as a day's worth of
4 complaints, right?

5 A. For testing purposes, comma, a day's
6 worth of complaints on hand at GTE (28 on 3/28)
7 was traced to Snyder's log.

8 Q. And that language you've just read
9 refers to the number of complaints sent to
10 Snyder on a particular day, right?

11 A. Again, it's -- they sent 28, and it
12 says it was a day's worth of complaints on
13 hand, but it doesn't say if it was from
14 previous days other than 3/10/98.

15 MR. WOFFORD: All right. That's all
16 I've got.

17 MR. BECK: Let me follow up on that.

18 EXAMINATION

19 BY MR. BECK:

20 Q. You're saying that you would
21 interpret a day's worth of complaints as
22 possibly including more than one day's worth?

23 A. I don't know if they batched
24 complaints and then sent them on a daily,
25 weekly, monthly basis to Snyder. I don't know

1 if this was all from 3/10 or if it included
2 3/9, 3/8, 3/7, other dates.

3 Q. Well, if you were sending a week's
4 worth of complaints, would you call them a
5 day's worth?

6 A. I don't -- again it's -- it says a
7 day's worth of complaints on hand. Now, does
8 that mean it's -- on hand is, I guess, the
9 piece that's a little puzzling. It doesn't
10 clarify specifically.

11 MR. BECK: All right. That's all.

12 MR. WOFFORD: That's all I've got.

13 He wants to read. And we'd like to
14 designate the testimony as confidential.

15 (Thereupon, the deposition was
16 adjourned at 1:35 p.m.)

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E R R A T A S H E E T

Pursuant to Rule 30(7)(e) of the Federal Rules of Civil Procedure and/or Georgia Code Annotated 81A-130(B)(6)(e), any changes in form or substance which you desire to make to your deposition testimony shall be entered upon the deposition with a statement of the reasons given for making them.

To assist you in making any such corrections, please use the form below. If supplemental or additional pages are necessary, please furnish same and attach them to this errata sheet.

I, the undersigned, WAYNE WEAVER, do hereby certify that I have read the foregoing deposition, and that to the best of my knowledge, said deposition is true and accurate (with the exception of the following corrections listed below).

Page___Line___should read:_____

Reason for change:_____

Page___Line___should read:_____

Reason for change:_____

1 Page ___ Line ___ should read: _____

2 Reason for change: _____

3 Page ___ Line ___ should read: _____

4 Reason for change: _____

5 Page ___ Line ___ should read: _____

6 Reason for change: _____

7 Page ___ Line ___ should read: _____

8 Reason for change: _____

9 Page ___ Line ___ should read: _____

10 Reason for change: _____

11 Page ___ Line ___ should read: _____

12 Reason for change: _____

13 Page ___ Line ___ should read: _____

14 Reason for change: _____

15 Page ___ Line ___ should read: _____

16 Reason for change: _____

17 Page ___ Line ___ should read: _____

18 Reason for change: _____

19 _____

20 _____

21 Signature

22 _____

23 _____, Notary Public.

24 This _____ day of _____, 2000.

25 My Commission Expires:

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C E R T I F I C A T E

STATE OF GEORGIA:

COUNTY OF FULTON:

I hereby certify that the foregoing deposition was reported, as stated in the caption, and that the questions and the answers thereto were reduced to the written page under my direction, that the preceding pages represent a true and correct transcript of the testimony given by said witness.

I further certify that I am not of kin or counsel to the parties in the case, am not in the regular employ of counsel for any of said parties, nor am I in any way financially interested in the result of said case.

Dated this _____ day of _____, 2000.

DEBORAH L. SWILLEY, CCR-B-2174.

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
 2 Docket 988362-II
 3 Filed: November 3, 2008
 4

5 -----
 6 Initiation of Show Cause Proceeding
 7 Against GTE Communications
 8 Corporation for Apparent Violation of
 9 Rule 25-4.118, F.A.C., Local, Local
 10 Toll, or Toll Provider Selection.
 11 -----

14 "CONFIDENTIAL TESTIMONY"
 15 DEPOSITION OF WAYNE WEAVER
 16 ATLANTA, GEORGIA
 17 NOVEMBER 29, 2008
 18
 19
 20

21 THE MAROTTE GROUP, INC.
 22 CERTIFIED COURT REPORTERS
 23 4400 SKYLAND DRIVE, N.E.
 24 ATLANTA, GEORGIA 30342
 25 (404) 851-8678

24 REPORTED BY: DEBORAH L. SWILLEY,
 25 CLR # 2174

1 I N D E X

4 WITNESS: WAYNE WEAVER

7	EXAMINATION	PAGE
8	BY MR. BECK	5
9	BY MR. WOFFORD	187
10	BY MR. BECK	188

15
 16 E X H I B I T S
 17 (None were marked.)
 18
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 25

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1 P R O C E E D I N G S

2 Thereupon,
 3 WAYNE WEAVER,
 4 having been first duly sworn, was examined and
 5 testified as follows:

6 E X A M I N A T I O N

7 BY MR. BECK:
 8 Q. Hi, good morning. My name is Charlie
 9 Beck, and I'm with the Office of Public
 10 Counsel.

11 Could you please state your name?

12 A. My name is Wayne Weaver.

13 Q. By whom are you employed?

14 A. By Verizon Communications, formally
 15 GTE.

16 MR. WOFFORD: Charlie, I should have
 17 mentioned this before, but can we agree
 18 that objections to the -- all objections
 19 except those to the form of the question
 20 are reserved?

21 MR. BECK: Sure.

22 MR. WOFFORD: Sorry.

23 BY MR. BECK:
 24 Q. What is your position with Verizon?
 25 A. I'm a manager in the internal audit

1 department.
 2 Q. How long have you held that position?
 3 A. I've been a manager for about 18
 4 months now.
 5 Q. What position did you hold before
 6 that?
 7 A. Senior auditor.
 8 Q. How long have you worked for Verizon?
 9 A. About four years.
 10 Q. Do you hold any professional
 11 designations?
 12 A. I have a master's degree, but no CPA,
 13 CIA or any of those.
 14 Q. A master's degree in business or
 15 accounting?
 16 A. It's in accounting with, I guess
 17 you'd call it, a minor in internal auditing.
 18 Q. Have you been an internal auditor for
 19 the entire four years you've been at Verizon?
 20 A. Yes.
 21 Q. What did you do before that?
 22 A. I was an internal auditor with
 23 NationsBank.
 24 Q. About how long did you do that?
 25 A. Two and a half years.

1 Q. When did you receive your master's
 2 degree?
 3 A. In '94.
 4 Q. I'd like to ask you to take a look at
 5 the document that begins at Bates stamped page
 6 17456 and ending at 17462.
 7 A. Through 17462?
 8 Q. Yes.
 9 A. Okay.
 10 Q. Do you recognize that document?
 11 A. Yes, I do.
 12 Q. Could you just briefly describe what
 13 the document is?
 14 A. It is a legal memo that we drafted to
 15 Thomas Parker who was the associate general
 16 counsel at the time related to the Snyder
 17 Direct Services service audit review that we
 18 performed back in 1998.
 19 Q. Does this document summarize the
 20 results of the internal audit that you
 21 conducted?
 22 A. Yes.
 23 Q. What was your role in that audit?
 24 A. I was the lead auditor, the in-charge
 25 auditor on that job.

1 Q. Did you have a number of people
 2 working for you in that position?
 3 A. Yes.
 4 Q. Who was working for you?
 5 A. Andrew Timberlake. Yanira Lajara.
 6 MR. WOFFORD: Spell that.
 7 THE WITNESS: It's Y-a-n-i-r-a
 8 L-a-j-a-r-a.
 9 Let's see. Susan Worth. I believe
 10 that was it.
 11 BY MR. BECK:
 12 Q. How did this audit come about; in
 13 other words, what caused this audit to occur?
 14 A. There were -- it started with a
 15 request from our regulatory legal department.
 16 I believe the request came through Karen Smith.
 17 Q. What was the request?
 18 A. The request basically was we've been
 19 getting a number of complaints related to
 20 different plans from various sources, and they
 21 wanted us to do some additional investigations.
 22 Q. Karen Smith is a lawyer?
 23 A. She's in our regulatory department.
 24 She was an AVP, I believe, of our regulatory
 25 affairs. I'm not sure what her exact title was

1 at that point in time.
 2 Q. Was it the slaming that had been
 3 occurring with the use of Snyder people that
 4 led to the audit then?
 5 A. Snyder was one of the focal points,
 6 but we had other telemarketing agencies that
 7 were doing -- or were selling long distance for
 8 us. Snyder was just one of them, was one of
 9 the bigger ones.
 10 Q. Were the others audited at the same
 11 time that Snyder was audited?
 12 A. No.
 13 Q. This audit was just focused on Snyder
 14 and it's relationship to Verizon. Is that
 15 correct?
 16 A. Yes.
 17 Q. On page 17456, there are six bullets
 18 about halfway down. It says: The scope of the
 19 review.
 20 Could you briefly describe what each
 21 of those six bullets are and describe how that
 22 was -- how that was part of the review that you
 23 did?
 24 A. Okay. The sales order processing,
 25 basically what we were looking at there was

1 from the point when customer contact was made
 2 through the point when Snyder handed the order
 3 off to GTE or its affiliates, whoever that
 4 would be; that was the main point there. And
 5 what we were doing with those customer orders,
 6 we were looking for key attributes. We were
 7 looking for whether the proper documentation
 8 was maintained on file by Snyder. We were also
 9 looking at certain dates as well as far as how
 10 orders -- when did they start, when they did
 11 leave Snyder, when did they leave different
 12 places. We were doing a time line on these as
 13 well.

14 The next one was the sales
 15 compensation plans. We wanted to take a high
 16 level overview of the sales comp plans to make
 17 sure that there was nothing in the sales comp
 18 plans that was really incenting the salespeople
 19 to slam customers.

20 The next one was the quality control
 21 complaint resolution explanation reporting
 22 processes. That was on the back end of their
 23 order processing, what controls did they have
 24 in place to ensure order quality, order
 25 accuracy. Did they have any sort of follow-up

1 A. Where we looked at that was mainly in
 2 the sales order processing. We wanted to make
 3 sure, if it was a signed delivery or if it was
 4 a telephone call, that they had a third-party
 5 verifier.

6 Q. Go ahead, please.

7 A. The performance monitoring and
 8 measurement. This was really internal metrics.
 9 How many orders did they bring in? How long
 10 did it take to gather those market orders?
 11 Which markets they were coming from? Different
 12 reporting standards that Snyder was supposed to
 13 report to us as GTECC, GTE, whatever.

14 Training, what we wanted to look at
 15 here was for human resources. We wanted to
 16 make sure that -- one of the big concerns that
 17 was raised by our regulatory department was if
 18 someone, a sales associate, on the Snyder side
 19 was caught, that if they had forged a
 20 customer's signature or made up a fictitious
 21 customer, how were they dealt with from a human
 22 resources standpoint? Were they were fired,
 23 basically? What disciplinary action was taken?
 24 We wanted to make sure that that was actually
 25 occurring and we felt was justified, satisfied

1 processes in place?

2 Q. Would that include whether the
 3 signatures on authorizations to change long
 4 distance companies were authentic?

5 A. Were they authenticating -- I'm not
 6 sure I understand the question.

7 Q. Well, whether the signatures on
 8 authorizations to change long distance company,
 9 whether those signatures were actually the
 10 persons who they claimed to be?

11 A. I don't -- I don't think that's what
 12 their department was there to do. I think they
 13 were just there to make sure that there was a
 14 valid signature, yes. But I don't know if they
 15 were looking at it to see if it was that
 16 person's actual signature.

17 Is that where you were going with
 18 that question?

19 Q. Yes. Let's talk plainly about it.
 20 Were they interested in whether some of the
 21 signatures on those forms were forgeries?

22 A. Yes, they were.

23 Q. Okay. Was that part of that review
 24 or some other part of the review where you
 25 looked at that?

1 us.

2 The training and business ethics we
 3 wanted to make sure that in their training
 4 materials they were trained on what the
 5 regulations were, what were good ethical sales
 6 practices and was that covered, basically, in
 7 the training materials.

8 And the last one was logical system
 9 security, which this is kind of a catchall
 10 category to look at their systems and how
 11 information flowed from when it came in the
 12 door until when it left the door.

13 Q. This letter is signed by Mark R.
 14 Smith?

15 A. Yes.

16 Q. Who is he?

17 A. At the time he was the engagement
 18 manager on the job, and he was also acting as
 19 director for -- we had a director that had just
 20 left, and he was about to assume that position.
 21 So he was dual roles on their audit.

22 Q. Was he the person that you reported
 23 to?

24 A. Yes.

25 Q. How did his responsibilities compare

1 and contrast to yours in the audit?

2 A. Typically a manager on the job has a
3 more high level role on an audit. The
4 in-charge of the audit is there in the field.
5 They are doing all of the work, and they are
6 supervising the other staff members along with
7 performing the test.

8 Q. And that latter aspect was your job?

9 A. Yes, correct.

10 Q. Did you help draft this letter?

11 A. I primarily wrote the letter, yes.

12 Q. So Mr. Smith reviewed the letter and
13 made any changes he might make and then signed
14 it?

15 A. We -- I wrote the original draft of
16 the letter. He did make some changes; and we
17 did discuss any and all changes before he
18 signed it, yes.

19 Q. Were there any meetings with Mr.
20 Parker that you know of where this letter was
21 discussed?

22 A. Yes.

23 Q. Could you describe what those
24 meetings were?

25 A. The meeting was we presented the

1 Q. Did you -- after the audit did you
2 discuss what you found with others?

3 A. Yes, we had discussions with other
4 executives.

5 Q. Could you name who they were and when
6 those discussions occurred?

7 A. There was one meeting that I was
8 involved with; and that was myself, Mark Smith
9 and George Wieskopf, and I'm not sure of the
10 last name, but I think it's W-I-E-S-K-O-P-F.
11 He was the vice-president of finance at the
12 time and our main point of contact at GTECC.

13 Q. He was the vice-president of finance
14 at GTECC?

15 A. Yes.

16 Q. And what was --

17 A. I believe that was his title.

18 Q. What was the scope of the discussion
19 that you had with him?

20 A. This was a meeting that we had as
21 part of our typical annual planning cycle, and
22 it was a follow-up for -- I guess it was
23 probably in November, December of '88, that
24 time frame.

25 Q. When you say part of the typical

1 results of the findings that were contained in
2 this report.

3 Q. Who was present at that meeting?

4 A. The one meeting that I'm recalling
5 was myself, Mark Smith and Tom Parker.

6 Q. Was it after this letter was sent to
7 him or at the same time it was delivered?

8 A. When we delivered the hard copy.

9 Q. Were there any other follow-up
10 meetings other than that one with Mr. Parker?

11 A. Not with Mr. Parker.

12 Q. Okay. Were there follow-up meetings
13 with someone else?

14 A. There were meetings with -- once we
15 had the meeting with Tom Parker, there were no
16 more meetings after that. We put that --
17 basically because of the attorney-client
18 privilege at that point in time that we were
19 under, we left it under his control and he was
20 taking it from there.

21 Q. Did you ever -- subsequent to the
22 meeting with Mr. Parker, did you discuss or
23 present the results of your audit to any other
24 persons at GTE?

25 A. We had -- no.

1 annual planning cycle, what does that mean?

2 A. Throughout the year we have -- our
3 audit department does a risk-based audit
4 approach where we speak with the business units
5 and say what are your riskier bases. These are
6 the different audit segments that we want to go
7 do, the different audits that we want to go do.
8 We present that plan to them, and we discuss
9 what they want to include or what they want to
10 throw out. And one of the items that we did
11 talk about in these planning meetings during
12 this time frame was what, if any, work we were
13 going to be doing relating to Snyder Direct
14 Services.

15 Q. And what was concluded about that?

16 A. At that meeting it was put basically
17 on hold, was the conclusion of any further
18 follow-up work at Snyder was put on hold.

19 Q. Why was that?

20 A. The main reason is our relationship
21 with Snyder was changing and we didn't -- at
22 that point in time, no one knew if we were
23 going to even be able to go back in and review
24 Snyder again. And we would have done something
25 in about a year, or something like that, from

1 the time.

2 Q. Are you familiar with GTE terminating
3 Snyder with respect to foot sales in Florida?

4 A. I know that it happened, yes.

5 Q. Was your meeting with Mr. Wieskopf
6 before or after that event?

7 A. I'm not sure. I don't know exactly
8 when foot sales ended with Snyder.

9 Q. Were there any other follow-ups to
10 this audit other than the audit itself and this
11 meeting with Mr. Wieskopf?

12 A. There was an offshoot of the audit
13 that's mentioned in the report, I believe,
14 related to AFNI financial.

15 Q. Describe that?

16 A. The AFNI audit was -- there were
17 concerns raised during the Snyder audit that
18 orders were going to AFNI, they were getting
19 stuck kind of in what was called the black hole
20 at the time, and they were not getting
21 processed for 30, 60, 90 days. There were a
22 lot of processing delays. And then they would
23 show up at GTE and for various reasons they'd
24 get kicked out, some would get processed. So
25 there were concerns that AFNI was holding up

1 yes.

2 Q. Could you describe the basis for that
3 recommendation?

4 A. When we did the testing in
5 California, we felt that the TPB process, how
6 they had it working at that point in time was a
7 best practice; and we felt that they should
8 mirror that in other regions.

9 Q. How did the amount of slugging that
10 was going on in California compare to other
11 areas?

12 A. I don't recall the actual statistics,
13 but my general feeling is that it was lower.
14 I'd have to go back to that point in time to
15 see what the actual statistics were.

16 Q. Let me direct your attention to under
17 the first bullet on page 1746B.

18 A. Uh-huh.

19 Q. This says: We recommend that Snyder
20 begin using this process to verify all field
21 sales based on a cost benefit analysis. Do you
22 see that?

23 A. Yes.

24 Q. What cost benefit analysis were you
25 referring to in your letter?

1 the process.

2 Q. Is AFNI an acronym?

3 A. Yes, it is.

4 Q. What does it stand for?

5 A. I believe it's American Financial
6 Network, Inc.

7 Q. And I'm not -- how were orders
8 getting held up in AFNI?

9 A. My basic understanding of the process
10 flow was Snyder would take their orders, pass
11 them electronically to AFNI who would process a
12 segment of those orders for Snyder, or actually
13 for GTE, take those orders and change them into
14 -- get them into our systems, into the GTE
15 systems. So they were a middle man, basically,
16 between Snyder and ourselves.

17 Q. Could you turn to page 1746B of the
18 letter, which is page 5 of the letter?

19 A. Yes.

20 Q. One of the recommendations that you
21 made as part of this audit was to institute
22 third-party verification for Snyder orders as
23 was already being done in Florida -- or in
24 California. Is that correct?

25 A. That was one of our recommendations.

1 A. The basic cost to implement the
2 recommendation, what would it take to -- I
3 believe, at the time what they were actually
4 doing with their field sales reps, where they
5 had, I believe, several cell phones that the
6 field sales would take with them. They would
7 call a third-party verifier. The third-party
8 verifier, they would hand the cell phone over
9 to the customer, and the customer would talk to
10 the third-party verifier where you would record
11 the call. Now, you'd have the cell phones, the
12 usage, all those kinds of things that would go
13 along with that. There would also be the
14 training and the additional paperwork. So
15 these are the costs that are related to
16 implementing that sort of recommendation.

17 Q. And that process was only being
18 engaged in in California for Snyder sales. Is
19 that right?

20 A. Yes.

21 Q. Have you seen any analyses that
22 determine what the cost of that process was?

23 A. No.

24 Q. You were recommending -- were you
25 recommending, then, that such a cost benefit

1 analysis be undertaken?

2 A. Yes.

3 Q. Do you know what the results of that
4 recommendation were?

5 A. Not at this time, no.

6 Q. Have you known at any time what the
7 results of that are?

8 A. No.

9 Q. Do you know whether the company
10 entered into that cost benefit analysis or
11 completed the analysis?

12 A. Not that I know of at this point in
13 time. Well, not that I know of, period.

14 Q. The cost would be the actual -- you
15 actually calculate a dollar cost per sale
16 to engage in the third-party verification like
17 was being done in California, couldn't you?

18 MR. WOFFORD: Objection, calls for
19 speculation.

20 Go ahead and answer.

21 THE WITNESS: I would assume that you
22 could do that. I have not seen what
23 Snyder's cost structure looks like. Even
24 during this audit, we weren't privy to all
25 that information. So I don't know that I

1 Q. And one of the things you discovered
2 in your audit was that Snyder employees were
3 forging customer signatures; is that right?

4 A. I don't think that we concluded that
5 they were forged signatures. I don't remember
6 drawing those conclusions, not to that
7 strength. I know that we had some letters of
8 agreement that we were concerned -- we had
9 definite concerns about that was the name
10 right, was the name wrong, was it a spouse's
11 name or things of that nature, which I think
12 you could see in the testing. But I don't
13 recall it was coining the term "forged
14 signatures."

15 Q. Did you suspect that there were
16 signatures on -- letters of authorization were
17 being forged?

18 A. My personal suspicions were probably
19 yes.

20 Q. But you're saying you didn't test to
21 see if that was true?

22 A. We tested to see if there were -- if
23 a customer said John Doe, was the signature
24 John Doe. We did not have any way of
25 determining without contacting the customer if

1 could give an opinion on that.

2 BY MR. BECK:

3 Q. But your recommendation was that such
4 a study be conducted to determine what that
5 cost would be; was it not?

6 A. Yes.

7 Q. Now, you mentioned a cost benefit
8 analysis. What would be the benefit side?

9 A. The benefit we believed would be less
10 slaming complaints, or less complaints from
11 customer. It's a more secure process, a better
12 controlled process, in our opinion, because you
13 don't have the paperwork having to get passed
14 around.

15 Q. Did you think that third-party
16 verification would eliminate the forgeries that
17 you had been finding in your investigation of
18 Snyder?

19 A. Could you -- I'm not sure I
20 understand the question.

21 Q. Well, there's the benefit, you know,
22 when you look at the cost benefit, the benefit
23 would be valid sales as opposed to invalid
24 ones; would they not?

25 A. Sure, yes.

1 John Doe signs his name with a big J or a
2 little J. We couldn't tell exactly if that
3 signature was Mr. John Doe's signature or not.
4 We just knew that there was a signature on that
5 piece of paper. That's all we could determine
6 because we were not allowed to contact the
7 customer directly about their order. We had to
8 look at historical information.

9 Q. So you suspected that there were
10 forgeries being engaged in by Snyder, but you
11 didn't check to see if those signatures were
12 authentic on authorizations?

13 A. I don't know how we could have.

14 Q. How would you determine -- or did you
15 try to determine whether the signatures were
16 actually that of the person whose signature it
17 purported to be?

18 A. Without contacting the customer, I
19 don't think -- I cannot think of a way we would
20 be able to authenticate that signature unless
21 we ask the customer to sign a piece of paper in
22 our presence and then we compared that to the
23 LOA. That's the only way that I could have
24 determined, you know, with reasonable assurance
25 that these two signatures matched; and we did

1 not have the ability to go back to the
2 customers.

3 Q. Okay. So did you or did you not as
4 part of the audit determine whether signatures
5 were authentic on letters of authorization?

6 A. To the extent possible we made sure
7 that they were good signatures, yes.

8 Q. That was one of the items you tested
9 for, then?

10 A. We tested whether there was a
11 signature on the forms, yes.

12 Q. I'm not sure we're getting caught up
13 in semantics or not.

14 MR. WOFFORD: I think you two are
15 talking past each other.

16 THE WITNESS: Maybe I can try to
17 explain a little bit. We are seeing a
18 historical document and that this
19 transaction occurred at a distant location
20 and it has been forwarded from a field
21 salesperson up through the ranks and it is
22 -- we have got a photostatic copy of it
23 sitting in front of us right now when
24 we're doing our testing.

25 And what we can verify at this point

1 that we did have as concerns, those were
2 forwarded on to both Snyder and to our
3 regulatory affairs people. And the
4 intentions were for them to go ahead and
5 follow up on any of the ones that we had
6 questions or concerns about.

7 Now, if they subsequently contacted
8 customers and they were asking for
9 independent verification of their
10 signatures by having the customer sign
11 another piece of paper, I don't know.

12 BY MR. BECK:

13 Q. Okay. In your response you mentioned
14 that you were on very tight time constraints, I
15 believe, in completing this audit?

16 A. Yes.

17 Q. Was there a pending business decision
18 that required those tight time constraints?

19 A. Yes.

20 Q. What was the pending business
21 decision?

22 A. I think the continuing relationship
23 with Snyder. What our relationship was going
24 to be with Snyder was the decision.

25 Q. Does that mean whether you were going

1 in time is we can verify on that sales
2 order, we can see if it says John Doe and
3 then we can see if John Doe actually
4 signed it, we see if he spelled out his
5 name.

6 But without contacting that customer
7 and saying can you send me a faxed copy of
8 your signature or can you come down and
9 sign a piece of paper for me so that I can
10 actually compare it to this historical
11 signature, there's no way that I can
12 authenticate that signature by the
13 definition that I think that you're trying
14 to get at. There was no way for us to go
15 about doing that.

16 I mean, we had one -- one, we had
17 restrictions from both our side and from
18 the Snyder side that were saying that, you
19 know, minimize customer contact at all
20 costs kind of things. And then there were
21 also restrictions from, you know, our side
22 that we needed to get this done within a
23 very short period of time as well.

24 So with all of those constraints, we
25 did what we could do. For those items

1 to fire them or not, in plain language?

2 A. I believe so, yes.

3 Q. And the higher-ups, the people who
4 caused this audit to happen, wanted the audit
5 results so they could make that determination.
6 Is that right?

7 A. That was one of the pieces of their
8 -- yes.

9 Q. Do you know who was responsible for
10 making that decision on whether to terminate
11 the relationship with Snyder or not?

12 A. It would have been the GTE
13 communications corps, GTECC executives. That
14 would have been George Wieskopf, as I mentioned
15 before. I believe -- I'm trying to think who
16 the president was at the time. I think it was
17 Butch Bircher who was the GTECC president at
18 that point in time. They had changed over
19 several times, but those would have been the
20 key players.

21 Q. Did anybody ask you to discuss
22 whether the relationship should be terminated
23 or not?

24 A. Not directly. They didn't ask for my
25 opinion of should we terminate with Snyder or

1 not.

2 Q. Did they do so indirectly?

3 A. They wanted to know about the general
4 working relationship between Snyder and
5 ourselves and, you know, good points, bad
6 points. They wanted to know those kind of
7 things that were, I think, additional
8 information for them to make their decision.

9 Q. What was your recommendation on those
10 points?

11 A. The recommendation, as I remember,
12 from the audit department as a whole, not just
13 mine independently, was that there were
14 problems with Snyder and that, you know,
15 something needed to be done with the
16 relationship, either terminate it or downscale
17 it or change the way we do business with them.

18 Q. When you say there were problems with
19 Snyder, can you generally state what those
20 problems were?

21 A. Well, going into the audit, we had --
22 I mean, before we even kicked off that, when
23 regulatory and GTECC had brought us in to
24 actually prepare us for going to Snyder and
25 doing some of the audit work and whatnot, they

1 upon to begin with.

2 Q. Agreed upon as a problem, you mean?

3 A. Yes. It was -- it's a known risk.

4 And if everybody agrees it's a risk, why spend
5 limited resources going after a known risk that
6 everybody knows and is trying to fix? That was
7 kind of the thinking.

8 Q. The known risk being the fraudulent
9 sales?

10 A. By field sales, yes.

11 Q. Let me return a little bit to the
12 cost benefit analysis for third-party
13 verification. You communicated that to Mr.
14 Parker; did you not?

15 A. Yes.

16 Q. What was his response to your
17 recommendation on that?

18 A. I believe it was positive.

19 Q. That he thought that that was
20 something that should be done?

21 A. Yes.

22 Q. How about, did you mention that to
23 Mr. Wieskopf in your meeting with him?

24 A. Yes, the whole report we discussed at
25 length with different people in the regulatory

1 had -- we had a large meeting of different
2 people, a big conference call, basically.

3 And one of the things that was
4 discussed was they realized that there were --
5 from the field sales standpoint, there were
6 some control weaknesses that were causing
7 fraudulent or inaccurate LOAs to come through
8 from the sales side, and that was kind of
9 agreed upon.

10 Snyder folks were on the phone, GTECC
11 folks were on the phone, regulatory and audit
12 were all there together. And this is kind of a
13 pre-planning meeting. So field sales was one
14 of those items that was a known problem, and
15 that was one of the main focuses of the review
16 before we even really got started in the audit.

17 When we started in the audit, we
18 wanted to make sure we looked at field sales
19 because that was such a problem. But because
20 everybody agreed it was a problem and Snyder
21 was doing fixes as we were in doing the audit,
22 they had changed their process, they were doing
23 massive number of things, we didn't go out and
24 look at the Snyder field sales probably as much
25 as we would have done had this been not agreed

1 and in the executive levels of GTECC. Like I
2 said, George Wieskopf was our primary contact
3 at that; but the distribution on the report was
4 fairly small.

5 Q. Let me ask you what the distribution
6 was on the report?

7 A. I don't know what Mr. Parker did with
8 it, but he asked us to discuss that with George
9 Wieskopf.

10 Q. How to distribute your audit?

11 A. No. He asked us to go over the
12 findings, make sure that we had discussed that
13 with GTECC personnel.

14 Q. Was that at or about the time of your
15 letter to Mr. Parker?

16 A. Yes.

17 Q. So your discussion with Mr. Wieskopf
18 was somewhere around the May 11th, 1998, time
19 frame?

20 A. Yes.

21 Q. And what was his response to the
22 recommendation on third-party verification?

23 A. Mr. Wieskopf?

24 Q. Yes.

25 A. Again, generally agreeable and that

1 sounds like a good thing to do, is the overall
2 opinions that I remember.

3 Q. You said you had meetings with
4 various regulatory people and others concerning
5 your audit?

6 A. We had -- part of our normal process
7 for going through an audit or a review of this
8 nature is that whenever we have any kind of
9 finding or concern or whatever it might be, an
10 observation, we will kind of leave it in draft
11 form, not the report or anything like this,
12 this is a very finalized document, we'll go
13 discuss it with key personnel. And we'll do
14 that throughout the audit and make sure we have
15 the finding right, make sure that we didn't
16 miss something or we misunderstood something.
17 So we call that our clearing process. We will
18 clear those findings with them.

19 And part of that, we would have
20 weekly status meetings that were requested not
21 only by Snyder but also by the GTECC folks and
22 also regulatory. Regulatory meaning Karen
23 Smith, primarily; she was our key contact. At
24 those meetings we discussed our status of the
25 audit.

1 Q. So you had weekly meetings while you
2 were conducting the audit. Is that right?

3 A. I think there were two meetings,
4 that's my general recollection, because of the
5 short time span of this audit.

6 Q. And do you recall was Karen Smith at
7 these meetings?

8 A. I know she was at one of them, but
9 I'm not sure if she was at all or both.

10 Q. Who else attended these meetings?

11 A. I'm not sure of the exact names. I
12 know that, generally speaking, the audit team
13 was there. There was usually a representative
14 from Snyder, a representative from GTECC and a
15 representative from regulatory.

16 Q. Do you know who the GTECC
17 representatives were at the meetings?

18 A. Not specifically. I know who the
19 major players were, but I don't know if they're
20 always the ones that came to the meeting or
21 not.

22 Q. Karen Smith is a major player?

23 A. On the regulatory side, yes.

24 Q. How about on the non-regulatory side,
25 the business side?

1 A. That would have been -- I mean, our
2 key players would have been -- I believe his
3 name is Michael Lyons, and the other person was
4 Ted Gilmore.

5 Q. Now, besides Mr. Parker and Mr.
6 Wieskopf, with whom else did you discuss your
7 recommendation concerning third-party
8 verification?

9 A. The recommendation was discussed at
10 these meetings and before it was finalized in
11 the report that you see. And that included the
12 same, somebody from Snyder, somebody from
13 GTECC, somebody from -- audit was there and
14 usually regulatory as well.

15 Q. You mentioned that Mr. Parker
16 responded favorably to your recommendation?

17 A. Yes.

18 Q. And Mr. Wieskopf responded favorably
19 to your recommendation. Is that right also?

20 A. Yes.

21 Q. Did anybody ever respond negatively
22 to your recommendation?

23 A. Not to my knowledge.

24 Q. Did anybody ever respond any way
25 other than positively?

1 A. Not to my knowledge.

2 Q. Besides Mr. Wieskopf and Mr. Parker,
3 do you recall any other persons who you
4 discussed that recommendation with?

5 A. Other than the ones that had already
6 been mentioned? I mean, somebody --

7 Q. Karen Smith?

8 A. Karen Smith. Somebody I -- I could
9 speculate who we talked with at Snyder, but I
10 know we probably had that conversation with
11 him, but I don't remember it specifically. I
12 also remember talking with different people in
13 the audit organization. I mean, we talked with
14 Jolene Mosean who was the incoming
15 vice-president of audit. She was the top
16 person in audit. Also Mark Smith and the audit
17 team as well. But from an outside standpoint,
18 I think those were the key players.

19 Q. Do you know whether Karen Smith is
20 still with GTE, Verizon?

21 A. I believe she is. That's -- I'm not
22 100 percent sure.

23 Q. You don't know what her position
24 would be now?

25 A. No, I really don't.

1 Q. And I'm sorry. She was the
2 vice-president in regulatory?
3 A. She was an AVP or a VP. I'm not sure
4 which at that point in time. And she was in
5 the regulatory -- it was either regulatory
6 compliance, regulatory affairs, something like
7 that, but I don't know specifically.
8 Q. And what was her particular interest
9 in the audit of Snyder?
10 A. They had a number of complaints that
11 had come through, and a lot of them had
12 Snyder's name on them. And because of the
13 number of complaints that had happened, she
14 felt that we needed to go do an audit of them.
15 Again, she was kind of the driving force;
16 herself and Tom Parker were working together to
17 kind of be the driving force behind the audit.
18 Q. To your knowledge, your
19 recommendation concerning third-party
20 verification was never implemented. Is that
21 true?
22 A. To my knowledge, no.
23 Q. Do you have any idea why?
24 A. I believe that we were ending our
25 relationship with Snyder. And to implement

1 believe that your recommendation was never
2 implemented, that you know of?
3 A. Not that I know of, no.
4 Q. As part of the audit, you performed a
5 series of mystery shoppers at Snyder field
6 sales events. Is that right?
7 A. We performed some, yes.
8 Q. Could you describe what the purpose
9 of that was?
10 A. The primary purpose of the mystery
11 shops was to get us acquainted with what was
12 going on at a Snyder field sales location.
13 Q. And by mystery shoppers, someone
14 would appear but it would be unknown to
15 salespeople that you were actually auditing?
16 A. Yes.
17 Q. You actually conducted one of them,
18 didn't you?
19 A. Yes, I did.
20 Q. We'll get to that later.
21 Other than what you've already
22 discussed, were there any other follow-ups to
23 this audit of Snyder?
24 A. There was not a follow-up audit of
25 Snyder, no.

1 something of, you know, a process change
2 nation-wide like this, it wouldn't just take a
3 -- it would take several months to get it
4 rolled out, get it up and working in all
5 locations. And I don't -- and from the
6 discussions that we had with Mr. Wieskopf in
7 the November, December time frame, again, we
8 were kind of put on hold for stuff. And
9 subsequent to that we found out that we were
10 ending our relationship with Snyder.
11 Q. Your recommendation was made no later
12 than May 11th of 1988?
13 A. Right.
14 Q. Which is the date of your letter to
15 Mr. Parker; is that right?
16 A. Correct.
17 Q. And your relationship with Snyder
18 foot sales wasn't terminated for at least
19 another six months. Isn't that right?
20 A. I don't know when it was terminated.
21 I don't know when the Snyder foot sales was
22 terminated. I don't know the exact date of
23 that.
24 Q. Other than what you've already
25 described, is there any other reason you

1 Q. But were there any other processes
2 other than what you've already discussed?
3 A. Not that I remember, no.
4 Q. Did you discuss the results of your
5 audit with Snyder as well?
6 A. Yes. As part of the clearing
7 process, we were talking with Snyder. They
8 were at those clearing meetings.
9 Q. Let me ask you to turn to page 6 of
10 the letter which is Bates stamped page 17481?
11 A. Okay.
12 Q. You have a number of bullets on this
13 page --
14 A. Uh-huh.
15 Q. -- that describe the results of a
16 substantive test of Snyder sales orders. Is
17 that right?
18 A. Are you talking -- page 6, I mean,
19 you were just looking at a different page than
20 I was.
21 Q. Right, the bottom of page 5 that
22 leads into page 6?
23 A. Yes.
24 Q. And then on page 6 you have some of
25 the results of those. You describe some of the

1 results of some of those substantive tests. Is
2 that right?

3 A. Yes.

4 Q. For example, the fourth bullet says
5 that on 38 of 68, or 58 percent, of the orders
6 did not have one of the following identifiers
7 on the LOA, Social Security number, driver's
8 license number or date of birth. Is that
9 right?

10 A. Right.

11 Q. Of those field sales?

12 Was that -- I mean, is that a
13 problem? Didn't you think that was kind of
14 unusual to have that kind of failure rate?

15 A. That high failure rate, yes, I would
16 have said that that was noteworthy. And again,
17 their processes were changing and that's why
18 the identifier was -- that was supposed to be a
19 new fix, but their processes had only been in
20 -- the new processes had only been in place for
21 a short period of time.

22 Q. Let me ask you to turn to page 17672,
23 which is a different document.

24 A. 17672. Are we done with this one
25 here?

1 Q. Yes, for now.

2 A. Okay. I'll just keep it off to the
3 side, then.

4 Q. Do you recognize this document?

5 A. Yes, I do.

6 Q. Could you state what it is?

7 A. It is a planning memo. It is the
8 document that we prepare for before we go out
9 and do an audit that kind of lays out the
10 logistics: What are we going to cover, how are
11 we going to do it, where are we going to be
12 staying, basic planning information for the
13 audit.

14 MR. WOFFORD: Charlie, just so we
15 know we're talking about the same
16 document, can you give me the inclusive
17 Bates numbers of the documents?

18 MR. BECK: We've -- I was about to
19 ask that.

20 BY MR. BECK:

21 Q. The planning memo, does that go
22 through Bates stamp 17683?

23 A. One second.

24 It goes through 683 is the typed
25 document, yes. And then there were supporting

1 documents that go into it.

2 Q. So the Bates stamps subsequent to
3 17683 are, what, support for the planning memo?

4 A. Some of them, yes. Let me just kind
5 of thumb through here.

6 Q. Sure.

7 A. They would have stopped at 17767.

8 That would have been the end of the supporting
9 materials for the planning memo.

10 Q. Is the planning memo something that
11 you prepared?

12 A. Yes, it is.

13 Q. Could you turn to Bates stamped page
14 17677?

15 A. 677, yes.

16 Q. Could you turn your attention to the
17 place where it says special note?

18 A. (Witness nods head.) Okay.

19 Q. Okay. You see where it says: This
20 review involves a number of big players, and
21 the term "big players" is in quotes?

22 A. Yes.

23 Q. What did you mean by big players?

24 A. I listed the following names, those
25 being the key players or the big players,

1 meaning that there was -- this was a high
2 profile audit and a lot of people were
3 watching; therefore, we need to maintain, you
4 know, high levels of professionalism.

5 Q. George Wieskopf, you've already
6 mentioned; he was one of the big players?

7 A. Yes, he was. He was our key contact
8 at GIECC.

9 Q. And you've mentioned Tom Parker who
10 is with the legal counsel?

11 A. Yes.

12 Q. How about Bill Edwards, what was his
13 role with respect to the audit?

14 A. At this point in time I think he was
15 the controller of GTE, of the GTE telephone
16 operations at that point in time. He was
17 administratively internal audit's boss. That's
18 who internal audit reported up to, ultimately.

19 Q. Was he involved in any way in the
20 audit?

21 A. He knew of the audit, and he had been
22 in discussions with Tom Parker and Karen Smith
23 to kind of get things kicked off.

24 Q. Do you know whether the results of
25 the audit were provided to him?

- 1 A. I don't remember.
 2 Q. Did you have any meetings with him?
 3 A. Not me personally.
 4 Q. Do you believe that if there were,
 5 they would be with either Karen Smith or Tom
 6 Parker, then, would have discussed this with
 7 him?
 8 A. Yes.
 9 Q. Who is Larry Zydou?
 10 A. Larry Zydou.
 11 Q. Zydou?
 12 A. At the point in time, he was our
 13 acting assisting controller, auditing. He was
 14 the top person in auditing, and he was also an
 15 audit director. He was fairly new to the
 16 department, but --
 17 Q. What role did he play in the audit?
 18 A. Fairly minimal. I mean, he was
 19 fairly new. He came in, I think, during the
 20 audit, as I remember. He was put on as acting
 21 during the middle of it. And his was more of
 22 just a review. He knew of the audit, what the
 23 findings were, had seen a copy of the legal
 24 letter that was sent out.
 25 Q. Did you ever discuss the audit with

- 1 him?
 2 A. Yes.
 3 Q. What were your discussions with him
 4 about the audit?
 5 A. Just like with the other remaining
 6 audit department members. We just talked about
 7 what we found, what we did, those kind of
 8 things, what our recommendations were.
 9 Q. What was his response to that?
 10 A. I don't remember specifically. But,
 11 you know, generally, you know, if he had a
 12 problem with it he wouldn't have let the report
 13 go out the door. I mean, that's just generally
 14 their role, so.
 15 Q. Did you discuss your recommendation
 16 concerning third-party verification with him?
 17 A. I'm sure we did. I don't remember it
 18 specifically; but, I mean, we discussed the
 19 whole report with him.
 20 Q. And do you recall his response?
 21 A. Not -- not specifically, no.
 22 Are we done with the planning memo?
 23 Q. I think for now. I don't want to
 24 guarantee it, but.
 25 A. Okay. I'll set it aside, then.

- 1 Q. Let me ask you briefly about a
 2 document Bates stamped 18274.
 3 MR. WOFFORD: Just the one page,
 4 Charlie?
 5 MR. BECK: The document that goes
 6 through -- or this is a letter that's
 7 three pages long going through Bates
 8 stamped 18276.
 9 BY MR. BECK:
 10 Q. I'd like to ask you if you recognize
 11 that document?
 12 A. I do.
 13 Q. Could you briefly describe what it
 14 is?
 15 A. Is it an audit report from an audit
 16 of GTE Long Distance in 1987?
 17 Q. Were you personally involved in that
 18 audit?
 19 A. No.
 20 Q. That's an audit different than the
 21 one you conducted on Snyder; is that right?
 22 A. Yes.
 23 Q. But as part of your audit at Snyder
 24 did you review this audit?
 25 A. We reviewed the report for the

- 1 findings as part of our planning process.
 2 Q. Let me ask you on the first page of
 3 this letter, toward the bottom, it says: In
 4 our opinion the controls addressed within the
 5 scope of our audit are inadequate?
 6 A. Yes.
 7 Q. Are you familiar with that -- that
 8 opinion that's in the letter?
 9 A. That's our typical opinion for --
 10 that's our worst opinion for when we issue a
 11 report.
 12 Q. And when you did your audit of
 13 Snyder, you were aware of that opinion that had
 14 been made in this earlier audit of GTE Long
 15 Distance. Is that right?
 16 A. I was aware of it, yes.
 17 Q. What impact did that have on your
 18 audit of Snyder, if any?
 19 A. I don't know of any. I don't know
 20 that it had any impact, really. I know that we
 21 looked at this audit as a reference tool to
 22 help us understand the process, to help us make
 23 sure that we're testing the right things,
 24 because they had done a lot of the preliminary
 25 work back in June of '87 or even earlier that

1 we used again as a reference source.

2 Q. Let me ask you to turn to Bates
3 stamped page 18483.

4 MR. WOFFORD: What's the full range?

5 MR. BECK: I'm not sure.

6 MR. WOFFORD: It begins with 18483.

7 BY MR. BECK:

8 Q. Do you recognize the document that's
9 Bates stamped page 18483?

10 A. Generally, yes.

11 Q. And it says Lead Memo at the top;
12 does it not?

13 A. Yes.

14 Q. Can you describe generally what a
15 lead memo is?

16 A. A lead memo is our base document, our
17 work paper. It's where we document our
18 testing, a specific piece of the testing, let's
19 say.

20 Q. And is this part of a larger
21 document? I was wondering if you could
22 identify the pages that would consist --

23 A. It has two pages. With this lead
24 memo there are two pages, 83 and 84.

25 Q. That's 18483 and 18484?

1 those in, handle them and make sure that they
2 got resolved adequately. That was our biggest
3 concern, biggest problem. There were multiple
4 places, people, whatnot. I mean, there was --
5 Snyder had a complaint piece, GTECC had a
6 complaint piece, so on and so forth.

7 Q. On the top of the next page, which is
8 Bates stamped page 18484, there's an area that
9 says "risk high". Are there various
10 descriptions of risk; are there various
11 categories of risk that you can ascribe to a
12 practice?

13 A. Yes. Low, medium and high.

14 Q. Okay. And the high then is the
15 highest risk?

16 A. Correct.

17 Q. And it says: Lack of formality may
18 result in either untimely resolution or lack of
19 correction of unethical sales practices. Is
20 that right?

21 A. Yes.

22 Q. And do you agree with that?

23 A. That is the risk of not being able to
24 track some of these things.

25 Q. Let me ask you to turn to page 18485?

1 A. Yes. Those are the two that really
2 go together. And then there would be -- if
3 there would be anything it would be B-11 dot
4 anything else at the top of the page here.

5 Q. All right.

6 A. And then there would be -- those
7 would be associate documents. But I don't see
8 that on the next set of Bates stamps, so I
9 don't know if they're out of order or whatnot.
10 But these are the only two that really kind of
11 go together.

12 Q. All right. At the bottom of the page
13 under Findings, Condition Issue, it states
14 that: No standardized and formalized process
15 is in place for the forwarding and handling of
16 complaints to Snyder. Do you see that?

17 A. Yes, I do.

18 Q. Could you describe in a little bit
19 more detail what the problem is that that
20 addresses?

21 A. That we found at that point in time?

22 Q. Yes.

23 A. The basic finding that we had was
24 that complaints would come in from various
25 sources and there was no central point to take

1 A. Yes.

2 Q. This is a lead memo for a section of
3 the audit described as B-12. Is that right?

4 A. Yes.

5 Q. And you recognize this, this lead
6 memo?

7 A. Generally, yes.

8 Q. And then: The objective of this memo
9 is to ensure that customer complaints are being
10 handled properly and in a timely manner; is
11 that right?

12 A. Yes.

13 Q. And then under Source there are a
14 number of what look like subsections to me, is
15 that what you could describe that? Or what
16 would you describe that as?

17 A. The B-12.1 through B-12.18, these are
18 supporting documents that support this document
19 or would be referenced in this document.

20 And if you look at 18488.

21 Q. Yes.

22 A. Just as an example, the way we
23 cross-reference our -- the work papers, B-12.1
24 would be the summary of test work. And up at
25 the top of this document you'd see handwritten

1 B-12.1. That would show that these are the two
2 documents that the two are pointing towards or
3 referencing each other.

4 Q. Okay. Okay. Let me go back again to
5 those lists of the subpoints?

6 A. Yes.

7 Q. B-12.1 is a summary of test work?

8 A. Yes.

9 Q. B-12.2 is a log of all complaints for
10 unauthorized switching on hand at Snyder?

11 A. Yes.

12 Q. Okay. How did you determine, you the
13 auditors, complaints of unauthorized switching
14 on hand at Snyder?

15 A. If a customer would call in to Snyder
16 and say that I had been slammed or I have a
17 complaint or whatnot, they would log it; and it
18 was supposed to make it on this log.

19 Q. Let me backtrack again here to
20 B-12.1, which is the summary of test scores?

21 A. Yes.

22 Q. And you referred me earlier to page
23 18499 as a place where that summary of test
24 work starts. Is that right?

25 A. Yes.

1 Q. And to which page does that extend,
2 the summary of test, or B-12.1?

3 A. I think that's the only one. Let me
4 just double check.

5 That's what it looks like. It's just
6 one page.

7 Q. What would be on the next page, then,
8 on Bates stamped page 18500?

9 A. B-12.2, which would be the next
10 cross-referenced document, which would be the
11 log of all complaints for unauthorized
12 switching on hand at Snyder.

13 Q. How do these relate, the 12.1 and
14 12.2?

15 A. I believe 12 point -- let me just
16 make sure, hold on.

17 12.2, B-12.2 was the Snyder listing
18 of complaints, and that was used to pick a
19 sample for testing.

20 Q. Is the sample on 12.1?

21 A. Yes.

22 Q. So 12.1 is a sample of those that are
23 listed on 12.2?

24 A. Correct. We took a sample of 25
25 items.

1 Q. Let's look at the sample, which is on
2 Bates stamped page 18499?

3 A. Yes.

4 Q. There are a number of -- or one of
5 the first columns is BTM?

6 A. Yes.

7 Q. What does BTM stand for?

8 A. Billing telephone number.

9 Q. And there are a number of 385 area
10 code numbers listed there; is that right?

11 A. I see about five, yes.

12 Q. Are there six?

13 A. I'd have to count them, one -- I got
14 seven. Item number 5 and then items 13 through
15 19.

16 Q. Okay. Seven area code 385s?

17 A. Yes.

18 Q. And also one item 19 in the area code
19 487; is that right?

20 A. Yes.

21 Q. And all those area codes are in
22 Florida; are they not?

23 A. I'm not sure.

24 Q. Well --

25 A. I just don't know.

1 Q. All right. Well, in any case, if we
2 combine 385 and 487, we have eight of those
3 that are in either of those area codes --

4 A. Yes.

5 Q. -- out of your 25?

6 Now, let's just take one, just take
7 the first one, for an example. All right.

8 That's line 5 for the 385-651-6513?

9 A. Yes.

10 Q. Okay. This, again, comes from a
11 subsection of all those complaints that were
12 received by Snyder?

13 A. Yes.

14 Q. And are these the only complaints
15 about unauthorized changing?

16 A. I don't remember exactly. I don't
17 know if they were. I don't remember
18 specifically if it was all just complaints of
19 slamming or complaints of any nature. I don't
20 remember.

21 Q. Let me ask you to direct your
22 attention back to 18495, that page?

23 A. Yes.

24 Q. Doesn't under section B-12.2 say:
25 Log of all complaints for unauthorized

1 switching on hand at Snyder?
 2 A. Yes.
 3 Q. So these would only be complaints for
 4 unauthorized switching. Is that right?
 5 A. That's what I'm thinking, yes.
 6 Q. Okay. Let's go back to 19498. Could
 7 you just read across and tell me what each of
 8 those columns mean with respect to that item,
 9 as an example?
 10 A. Give me just a minute, please, so I
 11 can just make sure I'm familiar with this.
 12 Q. Sure.
 13 A. (Witness reviews document.)
 14 Okay. The first, it looks like four
 15 columns which include BTM trans date, required
 16 date and rep I.D. Those are basic
 17 identification so we know what the key time
 18 frames were, what the customer phone number was
 19 and who was the actual one processing.
 20 Q. Is the transaction date the date that
 21 the switch purportedly occurred or was
 22 purportedly authorized?
 23 A. I'm not 100 percent sure but I -- I
 24 don't know for sure, but I would say yes.
 25 Q. How about the required date; is that

1 date is when that was supposed to happen or
 2 when it did happen.
 3 Audit by QA was their QA department.
 4 Did someone take a look at it from their side?
 5 Step A. Test Work Steps A. If you
 6 reference down below: The following tests were
 7 performed for the columns listed.
 8 Do you want me to continue?
 9 Q. In other words, I just look to the
 10 bottom of the page for those columns A through
 11 D to say what they are?
 12 A. Yes, sir.
 13 Q. Okay.
 14 A. And each of the columns will tell you
 15 what they verified. And if we had -- in this
 16 case you'll see that we had -- there was an E-1
 17 in column A.
 18 Q. Yes.
 19 A. E-1 being that that was an exception
 20 that we took. It says see B-12.
 21 Field personnel did not resolve
 22 complaint within 72-hour time line. That was
 23 an internal metric that Snyder had that if a
 24 complaint came through that their field sales
 25 personnel would have to resolve it within 72

1 what you call that?
 2 A. It may be request date. It may be
 3 the date the request got processed.
 4 Q. Go ahead.
 5 A. Again, I'm not sure what each of the
 6 dates actually represent at this point in time.
 7 I'm sure when we were doing the test we did,
 8 but I just don't have anything that shows me
 9 what they are, what they mean today.
 10 The next one is the action plan,
 11 which on this one says Written warning/invest.
 12 Q. What does that mean?
 13 A. Well, looking at the original B-12.2,
 14 looking for that item, the action plan, what
 15 Snyder was going to do with it, I assume, is
 16 that they were going to issue a written warning
 17 to the rep or to someone and then they were
 18 going to investigate the change at a further
 19 date.
 20 Q. And that's for the complaint of
 21 unauthorized switching that that action plan
 22 was taken?
 23 A. I believe so, yes.
 24 Q. Go ahead.
 25 A. The action plan date was the next

1 hours. That's what the E-1 referenced.
 2 And then going across, the different
 3 tick marks are, again, down here at the bottom
 4 on the right-hand side of that that says:
 5 Tested with no exceptions, blah, blah, blah.
 6 Q. All right. Now, on the page of the
 7 12-2 pages, which I take it are eight pages,
 8 beginning at Bates stamp 18500 through 18507?
 9 A. 18507? Yeah.
 10 Q. And these are a log of all complaints
 11 for unauthorized switching on hand at Snyder we
 12 discussed earlier. Is that right?
 13 A. Yes.
 14 Q. What was the time frame covered by --
 15 A. Well, just a second. I want to make
 16 sure that they're all the same.
 17 Q. Sure.
 18 A. Yes, it looks like they are all the
 19 same.
 20 Q. What was the time frame covered by
 21 this?
 22 A. I don't know for sure. I can tell
 23 you what the report shows. I don't remember
 24 specifically.
 25 Q. All right. Go ahead and tell me what

1 the report shows?

2 A. Up at the top there's a marker that
3 says: CRC complaints (1/1 through 4/8). So.

4 Q. So would that indicate to you that
5 these are the complaints received by Snyder
6 about unauthorized switching during that period
7 January 1 through April 8th of 1988?

8 A. It could be. I mean, those are the
9 only dates that I see. I mean, I don't have
10 anything that tells me one way or the other.

11 Q. Okay. And, of course, this doesn't
12 include any of the complaints received by GTE
13 about slawing; these are only the ones
14 received by Snyder. Is that right?

15 A. I believe so, yes.

16 I don't know if there are duplicates
17 or if this is an independent log; I just don't
18 remember specifically.

19 Q. And if we wanted to know what
20 complaints had been received by Snyder, we
21 could look at the area code of the BTNs to see
22 which ones are Florida, relating to Florida.
23 Is that right?

24 A. I would assume so, yes.

25 Q. Going forward in the documents now,

1 the field up to Snyder headquarters personnel
2 for summarization in this report.

3 Q. This report referring to?

4 A. 18581 -- I mean, 588.

5 Q. All right. Let me see if I
6 understand correctly what this is an example
7 of. These are three -- there are three 365
8 area code numbers listed here. Is that right?

9 A. Yes.

10 Q. And all of them have transaction
11 dates in January, late January of 1988?

12 A. Yes.

13 Q. Is that right?

14 And these are complaints that were
15 received by Snyder of unauthorized switching.
16 Is that right?

17 A. That I'm not sure of. I can tell you
18 what's on here, but I don't remember what
19 specifically this was used for. It looks like
20 this is -- we send this out the door to say
21 here are your complaints that go to your
22 region, and then it's listed by these people up
23 here. That's my understanding.

24 Q. Well, by complaints, wouldn't that be
25 a complaint of unauthorized switching?

1 leaving those behind, page 18518?

2 A. 519? I'm sorry.

3 Q. Yes.

4 A. Okay.

5 Q. This is one of the supporting
6 worksheets. Is that right?

7 A. Let me just familiarize myself.

8 Q. Please tell me what this page shows?

9 A. Give me just a minute, please.

10 Q. Sure.

11 A. What I believe these to be is the
12 actual detailed documents that support the
13 report starting on 588, 18588. Looking at
14 complaint investigation form sent to GSM and
15 returned from GSM with action plan.

16 Q. So these are a portion of the
17 complaints received by Snyder that --

18 A. Yes.

19 Q. -- that you looked at as part of the
20 audit?

21 A. I believe so. I'm trying to just
22 find one and cross reference it.

23 I believe what they are -- I believe
24 what they are is they are supporting documents
25 of the actual action plans that were sent from

1 A. I would assume. I don't know. I
2 really don't know. I just don't remember
3 specifically or not.

4 Q. Well, what other complaints did you
5 look at? Were there others other than
6 unauthorized switching?

7 A. No. I think most of them were all
8 about switching. I just don't remember
9 specifically about this one. If I had to
10 guess, I would say that's what specifically
11 this is. I just -- it doesn't have much on
12 there to give me any indications one way or the
13 other. I'm sorry.

14 Q. I'm just trying to understand what it
15 shows myself.

16 A. But if you -- on 518 you can cross
17 reference item 14, which is handwritten there;
18 and you can cross reference it to page 18582 by
19 the BTN, billing telephone number.

20 Q. And in fact, the 14 means that this
21 is one of the items that was selected for
22 testing?

23 A. Correct. Yes.

24 Q. And we would find this on page 18488,
25 which shows, as I understand it, the subpart

1 portion of the complaints received by Snyder
2 about unauthorized switching that you actually
3 tested for?

4 A. Correct. And it is on there.

5 Q. Okay.

6 A. It's just all the supporting
7 documentation for how we did the test.

8 Q. And just as one more example on the
9 next page, which is 18528.

10 A. Yes.

11 Q. This lists three instances of where
12 the transaction date is in February of 1998 and
13 it involves either the area code 487 or 385?

14 A. Yes.

15 Q. And these are instances where there
16 are complaints of unauthorized switching that
17 Snyder received. Is that right?

18 A. Again, based upon what I see here, I
19 think that that's -- I guess so, yes. I'm not
20 100 percent sure. I'm sorry.

21 Q. Well, again, though, let me -- let's
22 try to tie this down. These are items that you
23 tested for, and it's shown on page 18499.
24 right?

25 A. When we tested we selected from the

1 document is?

2 A. Give me just a second, please.

3 It is a log of escalated complaints
4 sent to Snyder by someone in the GTE Network
5 Services Post Sales Fulfillment Area, Liz
6 Smith.

7 Q. So this is a different area, or these
8 are different complaints than the ones we
9 looked at earlier? These are complaints
10 received by GTE as opposed to Snyder?

11 A. Correct, that's my understanding.

12 Q. And these are the -- this is a log of
13 escalated complaints that were used as the test
14 to see whether all escalated complaints had
15 been received by Snyder. Is that right?

16 A. I believe there was -- just give me a
17 second.

18 Looking back through what this -- can
19 you repeat the question? I'm sorry. I just
20 want to make sure I'm answering the right
21 question.

22 Q. Is it correct that these are the --
23 these are escalated complaints for Snyder that
24 were received at GTE, and they were used to
25 test whether all escalated complaints had been

1 log, which was starting at 18508.

2 Q. Right.

3 A. That log is a log of complaints.

4 Q. Complaints of unauthorized switching,
5 right?

6 A. Yes.

7 Q. Yes.

8 A. Yes. And then from there, these are
9 the supporting detail that make up that log.
10 So, yes, those would be the supporting logs
11 that were sent to the field to the general
12 sales managers and that included their action
13 plans and what they were going to do with them,
14 that would, again, be the follow-up to what got
15 put into this log.

16 Q. Okay. Let me ask you to turn to page
17 18533?

18 A. 18533. I think that's in the next
19 set.

20 Q. I think it goes for three pages, if
21 I'm reading it right.

22 MR. WOFFORD: 18533 through what?

23 MR. BECK: Through 535.

24 BY MR. BECK:

25 Q. I'd like to ask you what this

1 received by Snyder?

2 A. Yes.

3 Q. Now, these were received by Liz
4 Smith's group. Is that right?

5 A. Based on the information -- that's
6 who we got this from. I don't know how they
7 came in the door, but Liz Smith was the keeper
8 of this log.

9 Q. And Liz Smith works for which
10 company?

11 A. At that point in time, by looking at
12 the source information on here, the handwritten
13 note says: We got this from Liz Smith, GTE
14 Network Services, Post Sales Fulfillment, LD
15 Complaints.

16 Q. And this, I take it, is not a
17 complete list of all complaints; it's only
18 those used for testing?

19 A. That, I don't know. I don't know if
20 it's a complete listing or not. I don't know
21 if it was a snapshot or we took a couple -- I
22 mean, there's -- the date is cut off -- start
23 at 2/5/98 and go through 4/7/98. So there
24 could be more before that 2/5/98 date. There
25 could be more after 4/7. I don't know if we

1 took a sample mid course or what we did. I'm
2 just saying this is -- I think this is what we
3 used for testing, yes; but I don't know if it's
4 a complete report.

5 Q. Let me ask you to go through and
6 identify columns with me, if I could. Let's
7 take about the tenth one down, Nadine Frezen.
8 It starts on 2/28 1998?

9 A. Yes.

10 Q. 2/28/98 refers to what?

11 A. The date -- it says date received. I
12 would assume that's the date the complaint was
13 received.

14 Q. And right now we're discussing, just
15 for the record, Bates stamp 18533; is that
16 right?

17 A. Yes.

18 Q. And then that's the person's name
19 that follows that?

20 A. Yes.

21 Q. And that person's telephone number?

22 A. Yes.

23 Q. It says Florida there, for 385 area
24 code; doesn't it?

25 A. Yes.

1 A. Again, I could speculate; but I don't
2 know for sure.

3 Q. The next column is Fraud. Do you see
4 that?

5 A. Yes, I do.

6 Q. And then the response under there is
7 either N or Y; is that correct?

8 A. Yes.

9 Q. And here we have a Y. Is that right?

10 A. Yes.

11 Q. I guess that means yes for fraud; is
12 that right?

13 A. That would be a fair assumption, yes.

14 Q. How was it determined on this page
15 whether or not there was fraud?

16 A. I don't know how they made that
17 determination.

18 Q. Who would have made it?

19 A. Liz Smith or somebody in her group or
20 whoever took the investigation.

21 Q. So these three pages, 18533 through
22 535 came from Liz Smith's group and already had
23 on there yes or no to the column on fraud?

24 A. Yes. This was prepared by her, and
25 we just took this document. These were

1 Q. Next it says OOF. What does that
2 stand for?

3 A. Out of franchise.

4 Q. What does that mean?

5 A. It means it is -- an in-franchise
6 customer is a customer that is already a GTE
7 local phone service customer, that is, in the
8 GTE franchise area. An out of franchise
9 customer would mean that GTE does not have
10 local services or is not the primary ILEC in
11 that area. It's outside of our region.

12 Q. What does the next date, January 15,
13 1998, mean?

14 A. Date signed. I think it's the date
15 that the LOA was signed.

16 Q. The LOA stands for Letter of
17 Authorization?

18 A. Yes.

19 Q. Do you know what the following
20 columns represent?

21 A. Not really. I can speculate, but
22 that's it.

23 Q. Okay. Let me ask you about the -- do
24 you know what the event column, the Event I.D.
25 column means?

1 complaints that had already come in the door.
2 The test that we were looking to do was to make
3 sure that these got forwarded to Snyder
4 accurately.

5 Q. And do you know when this document
6 was provided?

7 A. By Liz Smith?

8 Q. Yes.

9 A. Not a specific date, no; but it was
10 within the audit time frame.

11 Q. The last event listed is, for date
12 received at least, is April 7, 1998. Is that
13 right?

14 A. Yes.

15 Q. And there are marks at the top of the
16 work paper on the first page of 4/14/98. Is
17 that right?

18 A. Yes.

19 Q. So it would be somewhere in that time
20 frame, between the 7th of April and the 14th of
21 April; would it not?

22 A. I would say it's probably even
23 earlier than that.

24 Q. Well, it couldn't be earlier than
25 April 7th, could it?

1 A. Well, I see a 4/8 in here. There's
2 one 4/8. There's a 4/7. I mean, there could
3 be --
4 Q. Okay. So it couldn't be any earlier
5 than April 8th of '98; is that right?
6 A. I would think not, no.
7 Q. Otherwise, you wouldn't have an April
8 8th entry?
9 A. That's good.
10 Q. But we also had a date on the first
11 page of April 14th, 1998, that's handwritten.
12 Is that right?
13 A. Yes.
14 Q. That's an auditor's mark. Is that
15 right?
16 A. Correct.
17 Q. So isn't it fair to conclude that
18 somewhere in the time frame April 8 to April
19 14th, 1998, is when this report was generated?
20 A. Yes.
21 MR. WOFFORD: Well, are you asking
22 when the report was generated or when it
23 was provided to the audit team?
24 BY MR. BECK:
25 Q. Well, let's do both. It would have

1 for tracing of non-escalated complaints, sent
2 to -- sent by GTECC to Snyder.
3 Q. So she was seeing how well Snyder was
4 receiving non-escalated complaints that GTE was
5 sending to them?
6 A. Yes.
7 Q. And does this show that 28 complaints
8 was sent by GTE to Snyder on March 18, 1998?
9 A. Yes.
10 Q. Eight of those 28 did not involve
11 unauthorized switches. Is that right?
12 A. From reading the document, yes.
13 Q. Which means that 20 of them did
14 involve unauthorized switches. Is that right?
15 A. By doing the math, yes, it looks like
16 there were 28.
17 Q. And that's for one day in March of
18 1998; is that right?
19 A. Yes.
20 Q. And it says 43 percent of the
21 complaints -- of these complaints were not
22 received on March 18, 1998. Is that right?
23 A. Yes. There's a slight -- it says:
24 Percentage of complaints not received by Snyder
25 on 3/18/98. I would assume that that's a typo.

1 to be generated on or after April 8th and on or
2 before April 14th, wouldn't it?
3 A. I would think that's reasonable.
4 Because to be able to include an item from 4/8,
5 it would have to be generated on that date or
6 after, and we would have had it before the
7 auditor signed off on it and put the date of
8 4/14/98 on there. That would have been -- they
9 were done with that piece of testing.
10 MR. BECK: Are we okay? I mean, I
11 know this is tedious. Do you want to take
12 a short break?
13 MR. WOFFORD: I'd like to take a
14 short break.
15 (A recess was taken at this time.)
16 BY MR. BECK:
17 Q. Can I ask you to turn to Bates stamp
18 page 18536?
19 A. I don't think I have that one. It
20 should be in the next series, should be the top
21 one. Okay.
22 Q. Could you tell me what this document
23 represents?
24 A. Okay. It's a document prepared by
25 the auditor, Susan North. It is test results

1 meaning not.
2 Q. And the purpose of this test was
3 simply to trace one day's worth of complaints
4 on hand at GTE and trace to see whether they
5 were in Snyder's log. Is that right?
6 A. Yes.
7 Q. And what this found is that 43
8 percent of the complaints were not making their
9 way into Snyder's log. Is that correct?
10 A. 43 percent of the non-escalated
11 complaints, yes.
12 Q. Okay. Let me ask you to turn to
13 Bates stamped page 18537?
14 A. Okay.
15 Q. Do you recognize this?
16 A. Yes.
17 Q. Could you briefly describe what was
18 tested as reflected on that Bates stamped page?
19 A. As I remember, at the point in time
20 that we were doing the work, we were only --
21 Snyder was only contracted to do residential
22 orders, not small business orders. And we had
23 gotten communication from Karen Smith that
24 there were some small business orders coming
25 through and they wanted us to investigate them.

1 And that's the nature of this document, to
2 research and determine cause of small business
3 orders taken before signing of contract with
4 Snyder.

5 Q. Let me ask you to look at that e-mail
6 that's on Bates stamped page 18538.

7 A. Yes.

8 Q. This is an e-mail from Karen Smith.
9 Is that right?

10 A. There's several E-mails here. But,
11 yeah, it's from -- at the top it starts: From
12 Karen Smith to MRS Smith, which was Mark R.
13 Smith. It was sent from Karen Smith to Mark
14 Smith.

15 Q. Then we get down -- this forwarding
16 of e-mails gets down to one that was -- let me
17 get to the substance of the forwarded e-mail,
18 if we could.

19 A. Okay.

20 Q. There are roughly 600 business orders
21 at a time when Snyder wasn't supposed to be
22 doing business orders; is that right?

23 A. Let me just --

24 Q. Sure. Please read that e-mail, if
25 you would. In fact, could you also read the

1 customers; and, two, they are indicating
2 several places that it's slaming.

3 Q. There are about 600 orders that were
4 purportedly for businesses. Is that correct?

5 A. According to the memo, yes.

6 Q. And on page 18538 it says that: The
7 first 30 contacted all were slanned. Is that
8 right? You, being GIE.

9 A. That's what the memo says.

10 Q. And I take it during that time of
11 these 600 business orders, Snyder wasn't even
12 supposed to be selling to businesses?

13 A. Well, I mean, just looking back at
14 some of our documentation, they sold these
15 customers residential plans on business lines.
16 Meaning that you have a B-1 line, a business
17 line versus an R-1 line which is a residential
18 line. And certain plans can be sold on an R-1
19 line that can't be sold on a B-1 line.

20 Without going back into all the
21 details of that, I don't know that I can
22 remember anyway. That, I know, was one of the
23 distinctions. Because we state that in the
24 lead memo on Bates stamp 18537: Were processed
25 with residential plans on business lines. That

1 next Bates stamp as well and then we'll discuss
2 them all.

3 A. Okay. So on the next two pages, 538
4 and 540, were the ones you wanted to look at?

5 Q. Yes, please.

6 A. Okay.

7 Q. And I want you to describe basically
8 what test you did and what the event is that
9 you were looking at as part of the audit.

10 A. From reading this and just my general
11 recollections, what happened in this time frame
12 were we had business orders coming through
13 Snyder that shouldn't have been. They
14 shouldn't have been selling to business
15 customers.

16 Looking at the other information in
17 here, they seem to think that these customers
18 were walk-in customers and they were -- they
19 had business numbers and stuff like that. And
20 the customers through additional follow-up, you
21 know, were -- I'm not sure exactly how they
22 came in the door.

23 Their general contention is that
24 these customers were, one, they shouldn't have
25 been sold by Snyder because they were business

1 was the defining point there.

2 Q. But, in fact, these were all -- these
3 were mostly slams, at least; is that correct?

4 A. According to the memo, yes, that's
5 definitely the indication.

6 Q. And by slam, that means the
7 businesses didn't authorize any of these
8 changes?

9 A. Reading further in the e-mail, that's
10 definitely what the results conclude from this
11 e-mail.

12 Q. And you did tests to determine the
13 cause of small business orders taken before
14 signing of contract. Is that right?

15 A. Let me glance back through this
16 again.

17 What this -- just reading through
18 this e-mail, it's basically documenting what we
19 knew of this problem is what we are doing.
20 It's not really any individual test that we're
21 going through other than just interviewing
22 individuals. If you're looking at the scope,
23 it talks about I.D., which is internal audit.
24 The internal audit department interviewed
25 various individuals to explain the cause and

1 action plan of the orders processed in the
2 e-mail. I.D. spoke with the following people.
3 And we tried to get to the root cause and why
4 they were rejected and any result in customer
5 complaints and what was basically being done
6 about this. This was kind of a follow-up just
7 to make sure that something we knew of is
8 somebody on the Snyder side, is somebody on the
9 GTE side taking care of it.

10 Q. Okay.

11 A. I mean, if you can read on -- if you
12 read on through the memo, you see basically it
13 says, the bottom of that page: Based on
14 conversations with GTE and Snyder personnel the
15 exact cause of this problem is unknown and is
16 likely a combination of both customer and rep
17 fraud. A trend analysis on these orders was
18 completed by Snyder which did not find any
19 significant trends by rep I.D. or location to
20 pinpoint the problem.

21 Q. There's one other e-mail on Bates
22 stamped 18541 through 18542?

23 A. Yes.

24 Q. And this simply describes the results
25 of the 38 test calls made with respect to that

1 793 is the first page. 794 is a
2 blank page. Do you want to keep it in
3 there?

4 BY MR. BECK:

5 Q. Yeah.

6 A. Okay. Give me just a second to
7 familiarize myself.

8 Q. Sure.

9 A. Okay.

10 Q. What I'd like for you to do is
11 describe what the chart shows on page 18785?

12 A. Well, the table provides detailed
13 information regarding payments that GTE has
14 made to Snyder for the months of January
15 through March of '98.

16 Q. Snyder gets paid only when GTE
17 accepts one of its sales; is that right?

18 A. According to the memo, yes. Yes.

19 Q. And this shows that during the period
20 of January through March of 1998, 48.44 percent
21 of the sales Snyder sent to GTE were not
22 accepted. Is that right?

23 A. Yes.

24 Q. Could you generally describe what the
25 cause is of GTE not accepting a sale sent from

1 problem with the business versus residential.
2 Is that right?

3 A. Yes.

4 Q. There are a number of Florida
5 customers listed there in the group; are there
6 not?

7 A. I see a couple, yes. There are
8 several in here that have the Florida State
9 code, FL, listed on them.

10 Q. And they all say slam or likely slam,
11 do they not, for Florida at least?

12 A. All the ones listed with the Florida
13 State code have likely slam listed next to
14 them.

15 Q. Okay. Let's move on. Let me ask you
16 to turn to Bates stamped page 18785. I'd like
17 to ask you about the table that's in the middle
18 of that page and ask you to describe what it
19 means?

20 A. Can I get 18794? It should be the
21 first page of that narrative.

22 MR. WOFFORD: It's blank.

23 THE WITNESS: I'm just looking at the
24 -- there's a Narrative E-2, page 2 of 6 is
25 what's --

1 Snyder to GTE?

2 A. Generally, there could be numerous
3 reasons for why a sale would be rejected. You
4 could have missing customer information. A big
5 one would be, like, the billing telephone
6 number would be wrong. If you miss one digit,
7 if a four looks like a nine, or vice versa,
8 that could throw off your processing because
9 it's very -- billing telephone number is the
10 big key field the system would go off of. If
11 the name and address don't match up with the
12 billing telephone number, if different key
13 fields were off. If you left off -- you could
14 leave off something of what carrier code should
15 be processed with this. If you were switching
16 from AT&T to GTE, you know, if you left off the
17 GTE PIC code, you know, you wouldn't know which
18 -- from a system standpoint, you wouldn't know
19 which one to change it to. A simplistic
20 example.

21 Q. So if an order comes in and has any
22 one of those problems, it won't be accepted by
23 GTE. Is that right?

24 A. Among other things, yes.

25 Q. Don't they get fixed and resubmitted?

1 A. There are places where orders will be
2 recycled. They will be kicked back to Snyder
3 or whoever originated the order and say we
4 don't have enough information to process this
5 order. There could also be other holdups,
6 systematic or otherwise that could be
7 contributing to that number as well.

8 Q. Is this number of 48.44 the -- the
9 48.44 percent unacceptable rate, is that the
10 net number? In other words, that's the number
11 that don't get fixed and are just never
12 accepted?

13 A. It doesn't really say. I wouldn't
14 know for sure. I mean, to say that they've
15 never been fixed or would not be fixed, I don't
16 know if they would get recycled back through or
17 not.

18 Q. On page 18883?

19 A. Let me get there.

20 Q. Okay.

21 A. Okay.

22 Q. These are just other charts showing
23 the same information; are they not?

24 A. It looks like a summary of the
25 activity.

1 Q. And it shows -- at one place it
2 describes them as GTE rejects of Snyder orders.
3 Is that right, one of the charts?

4 A. Yes.

5 Q. Does this help you in being able to
6 answer whether this is the amount that are
7 never, never accepted or not, if you know?

8 A. Not just by looking at it, no. I
9 mean, because it -- I'm just looking at it, and
10 it doesn't say if these ever get reprocessed or
11 not. I mean, if -- for example, the January
12 number of 2,788 rejects of those, did they get
13 recycled or is that 2888 number incorporated
14 into the February number? I don't know, you
15 know. Are there duplicates there and is it
16 just a billing total or what, or is this a
17 continuation of old orders dropping off and new
18 numbers coming on? I don't know.

19 Q. Okay. Let me switch topics a little
20 bit and ask you about the mystery shopper
21 review.

22 A. Where?

23 Q. Let's start at page 18886.

24 A. I don't think I have it. I stop at
25 849.

1 You said 18886?

2 MR. WOFFORD: 886.

3 THE WITNESS: 886?

4 BY MR. BECK:

5 Q. It's one of them.

6 And is this your audit program for
7 the mystery, for looking at the mystery
8 shoppers?

9 A. Yes.

10 Q. And what you did as part of this
11 audit is you actually appeared at the field,
12 the sales events that Snyder was attending and
13 you reported back what you saw, basically, is
14 that right, what happened?

15 A. Right. The mystery shops were
16 intended just to get us familiar with what was
17 happening at field events.

18 Q. And I'll just skip around a little
19 bit. Let me ask you about the documents 18883
20 through 18886.

21 A. Okay. I'm looking at 886.

22 Q. Okay. 18883 through 886.

23 A. Okay.

24 Q. Please describe your guidelines for
25 the mystery shopper inspection, if you would

1 call it that. Is that right?

2 A. Yes.

3 Q. Or the mystery shopper guidelines?

4 A. Yes.

5 Q. And on page, the third page of those,
6 which is 18885, there's a mystery shopper
7 checklist explanation. Is that right?

8 A. Yes.

9 Q. And the first part is Image and
10 Appearance. Is that right?

11 A. Yes.

12 Q. The first one is that: The Snyder
13 sales associates should identify themselves as
14 agents of GTE or representatives of GTE. Is
15 that correct?

16 A. Yes, that's what it says.

17 Q. And so one of the things you're
18 looking for is to make sure the Snyder people
19 represent themselves as GTE and not as Snyder
20 employees?

21 A. That is one of the things we were
22 looking for.

23 Q. And in fact, it specifically states
24 they should not be identifying themselves as
25 Snyder employees. Is that right?

1 A. Right.
 2 Q. And the second thing says: The sales
 3 rep should be wearing a name tag with a GTE
 4 name and/or logo. Is that right?
 5 A. Yes, it is.
 6 Q. So that's another thing you would
 7 look for as a mystery shopper?
 8 A. Right.
 9 Q. And the third thing says: The sales
 10 rep should be wearing Dockers style pants with a
 11 GTE logo shirt or a plain white and blue shirt
 12 that should be appropriate for the event. Is
 13 that right?
 14 A. Yes, it does.
 15 Q. Okay. And that's another thing that
 16 you looked for in your mystery shopper
 17 inspection. Is that right?
 18 A. Generally speaking, yes. Those are
 19 just some general guidelines that we had.
 20 Q. Let me ask you to turn to page 18888.
 21 A. It's right before this.
 22 Q. Sorry.
 23 A. Okay.
 24 Q. Do you recognize page 18888?
 25 A. Give me just a second to get

1 on, and then he had kind of like a light
 2 windbreaker is what I remember. But I have
 3 written down GTE logo shirt with jacket cover.
 4 Q. Okay. And anyhow, this page and --
 5 is it a two-page report of your inspection of
 6 this person?
 7 A. Yeah, I believe the checklists were
 8 all of two pages.
 9 Q. So it's pages 18888 and 18881 for
 10 your inspection of this person in Chicago. Is
 11 that right?
 12 A. Yes.
 13 Q. As part of your audit, other people
 14 did these in Florida as well; did they not?
 15 A. Yes, they did.
 16 Q. And on 18882, we have one in Miami.
 17 Is that right?
 18 A. Yes.
 19 Q. And in that case your auditor
 20 determined that the representative -- or the
 21 Snyder employee was identifying themselves as a
 22 representative of GTE Long Distance. Is that
 23 right?
 24 A. They circled yes.
 25 Q. Okay. And they were wearing a name

1 organized a little bit.
 2 Q. Sure. Sure.
 3 A. Yes.
 4 Q. You prepared this document; did you
 5 not?
 6 A. Yes.
 7 Q. And this was a mystery shopper
 8 inspection in Chicago?
 9 A. Yes.
 10 Q. Did you go to Chicago just for this
 11 purpose?
 12 A. Yes, I did.
 13 Q. And you -- one of the things is you
 14 looked to see whether the representatives were
 15 identifying themselves as a representative of
 16 GTE Long Distance, and you answered yes. Is
 17 that right?
 18 A. Yes, I did.
 19 Q. And in fact, that's what happened? I
 20 mean, you went and looked and saw that they
 21 represented themselves as GTE?
 22 A. I went up and talked to this
 23 gentleman.
 24 Q. And he had a GTE logo on his shirt?
 25 A. I believe he had a jacket -- a shirt

1 tag with a GTE name on it. Is that correct?
 2 A. They circled yes again to that
 3 question.
 4 Q. So was your answer yes to my
 5 question?
 6 A. Yes.
 7 Q. And on page 18886, we have another
 8 mystery shopper in Miami. Is that right?
 9 A. Yes.
 10 Q. And again, during this inspection,
 11 they found that the representative identified
 12 themselves as representatives of GTE Long
 13 Distance and they were wearing a name tag with
 14 a GTE name on it. Is that correct?
 15 A. That's how they indicated on this
 16 sheet, yes.
 17 Q. Let me ask you about Bates stamped
 18 page 18818 through 18828.
 19 A. 819, you said?
 20 Q. Yes, 818 through 28.
 21 A. Okay.
 22 Q. Is this more backup to your audit
 23 concerning the mystery shoppers?
 24 A. I believe what we're looking at here
 25 is we're looking at mystery shops performed by

1 another company. I think it was Wells Fargo,
 2 but I would have to go back and look.
 3 Q. Oh, okay. They had done some mystery
 4 shopping for Snyder themselves; had they not?
 5 A. Yes.
 6 Q. And you were reviewing the results of
 7 Wells Fargo's mystery shopper events?
 8 A. Whoever was doing it. I think it was
 9 Wells Fargo. I would have to go back and
 10 double check. But somebody was doing -- an
 11 outside company was doing mystery shops; that's
 12 where we got kind of the idea to do it
 13 ourselves. They were doing it in different
 14 places. The particular document you referenced
 15 I believe was in Florida.
 16 And what we were looking at then for
 17 was to get an idea of what was going on, what
 18 other people were seeing, what the other
 19 company was seeing. It was just general
 20 information more for our understanding, again,
 21 reviewing what would have already been done.
 22 Q. This document indicates that during
 23 this inspection in Homestead, Florida, the
 24 Snyder employee was wearing a name tag with a
 25 GTE name. Is that right?

1 Q. And their training manual says that
 2 they must wear clean and appropriate GTE sales
 3 associate shirt; does it not?
 4 A. Yes.
 5 Q. And they must always wear a visible
 6 GTE I.D. badge. Is that right?
 7 A. Yes.
 8 Q. And those are two things that you
 9 checked on your mystery shopper analysis that
 10 you did as part of your audit. Is that right?
 11 A. Yes, we did.
 12 Q. And were you trying to see whether
 13 they were doing the things that their training
 14 manual says they're supposed to do?
 15 A. One of the tests, yes.
 16 Q. And this is confirmed on Bates
 17 stamped page 17845?
 18 Do you have that one? It's coming.
 19 A. In process.
 20 Q. Is this again from the training
 21 manual of -- I'm sorry.
 22 A. Based on the footer, it appears so.
 23 It appears to be from the same manual.
 24 Q. This is the Snyder training manual?
 25 A. The training and performance

1 A. Which number again?
 2 Q. 18918.
 3 A. Representative wearing name tag with
 4 company name. Yes.
 5 Q. By company name, it means GTE; does
 6 it not?
 7 A. I believe so, yes.
 8 Q. All right. Let's change topics a
 9 bit.
 10 A. Are we done with the mystery shopper
 11 stuff?
 12 Q. Well, those documents.
 13 A. Okay.
 14 Q. And the next document I'm going to
 15 ask you about is Bates stamped 17819.
 16 A. 17819?
 17 Q. Yes. Do you recognize that?
 18 A. I've seen it before, yes. I
 19 generally recognize it.
 20 Q. Is this one of the documents you
 21 reviewed as part of your audit?
 22 A. I know we looked at their training
 23 manuals, and that's where this looks like this
 24 comes from. Like I said, it does look
 25 familiar.

1 development manual, yes.
 2 Q. And again, this says the mystery
 3 shopper evaluates whether the Snyder employees
 4 are wearing an I.D. name tag. It doesn't say
 5 it, but I assume it means with GTE name tag
 6 and also wearing GTE approved attire. Is that
 7 right?
 8 A. Yes.
 9 Snyder Direct Services, Inc.,
 10 Consumer Field Markets, Training and
 11 Performance Development.
 12 Q. Let me ask you to turn to page
 13 18258.
 14 A. I don't have that one. What was the
 15 number again?
 16 Q. 18258. You should.
 17 A. The first one I have is 258, 275.
 18 Q. You can look at mine, if you like.
 19 MR. WOFFORD: These must have gotten
 20 out of order.
 21 THE WITNESS: Well, we've got several
 22 pulls from different places; but I don't
 23 see it generally in here.
 24 BY MR. BECK:
 25 Q. Let me just ask you to look at Bates

1 stamped 18259 and ask you if you recognize it?

2 A. I do.

3 Q. What is it?

4 MR. WOFFORD: Here, I've got it.

5 THE WITNESS: It's a preliminary
6 scope that the internal audit department
7 and I put together when we were doing our
8 original planning for the audit.

9 BY MR. BECK:

10 Q. Okay.

11 A. Thank you.

12 Q. This just describes preliminarily
13 what your audit was designed to accomplish. Is
14 that fair to say, or not?

15 A. When we had our initial discussions
16 with the key players, which would have been the
17 people I've already named, Karen Smith, George
18 Wieskopf, Ted Gilmore, what did we want the
19 audit to accomplish. These were a brain dump
20 of activities that we would want to take a look
21 at when we were there.

22 Q. Let me ask you to turn to page 18262
23 and 18263. Ask you if you recognize that
24 document?

25 A. I do.

1 Q. And there are four people this was
2 sent to. Could you identify each of those four
3 people and what their positions were with the
4 company?

5 A. I'll do what I can. G. Allen, I do
6 not know. J. Binney would be Jody Binney;
7 she was in the sales area.

8 Q. Of GTECC?

9 A. Of GTECC.

10 Q. Okay.

11 A. Ted Gilmore which was -- he was for,
12 again, he was in the sales area but he was in
13 -- I believe he was the head of Snyder on the
14 GTECC side. I think he was VP/GM was his
15 title.

16 Q. VP would be vice-president and
17 general manager?

18 A. Yeah. I've got it listed someplace
19 in one of these other documents. In the
20 planning memo I know there was a listing of
21 what his exact title was. I could find it if
22 you'd like.

23 Q. Well, it's not necessary right now.
24 Who's the last person --

25 A. Ted --

1 Q. Could you describe what it is?

2 A. It is a letter from Chris Owens, who
3 is the president of GTECC Consumer Markets to
4 four individuals at GTECC related to business
5 ethics/compliance.

6 Q. Let me first ask you about Chris
7 Owens who was then president of consumer
8 markets. What does that encompass, consumer
9 markets?

10 A. At this point in time consumer --
11 GTECC was broken up into a couple different
12 units, and one of them was consumer markets,
13 which was primarily residential sales.
14 Consumer markets were closely assigned with
15 small businesses and residential lines.

16 Q. Is this only GTECC? He's the
17 president of consumer markets for GTECC?

18 A. Yes, I believe so. That was -- it's
19 on the GTECC letterhead, and that's what my
20 recollection is.

21 Q. And that includes Long Distance, does
22 it not, for that segment?

23 A. I don't know how LD, Long Distance,
24 rolled up underneath this at this point in
25 time, March 18, 1988.

1 Q. Oh, I'm sorry. Go ahead, then.

2 A. Ted Gilmore VP/GM, LD Division,
3 Snyder liaison was what we had him as the
4 title.

5 Q. Okay. And LD Division is Long
6 Distance?

7 A. Yes.

8 Q. And he was one of the people in
9 charge of liaison with Snyder?

10 A. Yes, that's how we had him listed.

11 Q. Okay. And who's J. Havens?

12 A. John Havens, again, I think he's in
13 the sales organization. I don't know his exact
14 title, but I recognize the name.

15 Q. Why is this letter in your -- first
16 of all, is this letter in part of your audit
17 work papers?

18 A. Yes, it was.

19 Q. Why is it there?

20 A. It was planning materials to give us
21 an understanding of what the environment was
22 like, give us an understanding of the
23 regulatory concerns related to these issues
24 related to Snyder.

25 Q. You see there some handwritten notes

1 on the right side of page 18282?

2 A. I do.

3 Q. Could you read then?

4 A. I'll give it my best shot. It
5 starts off, says: Copy to: There's some
6 scratching that looks like a TKE slash. I'm
7 not sure, it could be a Steve or something, I'm
8 not sure.

9 Q. Do you know what the TKE would stand
10 for?

11 A. No, I don't.

12 Q. Can you read the rest of the
13 handwritten notes?

14 A. See note something. I don't know
15 what that word is. We need to look at. And
16 then I can't make out what the rest of this
17 says. I really can't make it out.

18 MR. BECK: At the end of this I'm
19 going to ask for a legible copy of this
20 with the note so I can read it.

21 MR. WOFFORD: I can't read it either.
22 I'm not sure.

23 THE WITNESS: I don't know if we have
24 one. This was -- I remember, from the
25 work papers that this is a copy of a copy.

1 Q. Where does this document stop, at
2 what Bates stamped page?

3 A. I'll just have to see if they have
4 an index up at the front. I show on 28988 that
5 it has 14 items listed on the table of
6 contents, and that would take us all the way up
7 to 28958, which would be the end, which would
8 be the last end tab is what it looks like. So
9 I would assume that that would probably be, if
10 the numbers are concurrent, that it would be --
11 I think that would be the end point.

12 Q. Okay. All right. And this is part
13 of your audit backup because it's something you
14 used as part of the audit or at least reviewed?

15 A. It is. When we're originally doing
16 the planning for the audit, you know, one of
17 the things we always request is we ask for
18 policies and procedures of what are you
19 supposed to be doing. And this is, for Snyder,
20 one of the backup materials that we obtained.

21 Q. Let me ask you about Bates stamped
22 page 28914?

23 A. Yes.

24 Q. This page covers their policy with
25 respect to representation, is that right, their

1 I don't know if anybody still has the
2 original. I don't know. I just know why
3 it was in here was because of the -- the
4 subject matter was related to Snyder and
5 telemarketers as a whole, again, setting
6 us up for what the environment was like
7 for planning information for us.

8 BY MR. BECK:

9 Q. Now, Mr. Owens who was the author of
10 this letter, was he provided the results of
11 your audit?

12 A. I don't remember specifically.

13 Q. Okay.

14 A. He could have had knowledge of it,
15 but I don't know.

16 Q. All right. Let me ask you to turn to
17 the document that starts at page 28987.

18 A. I know I don't have that one.

19 Q. And it's entitled Snyder
20 Communications, Inc., GTE Policies and
21 Procedures Manual. Do you recognize the
22 document that begins at page 28987?

23 A. Generally, yes. I know that we had
24 a couple of Snyder manuals in our work papers
25 that we used as reference material.

1 representation policy?

2 A. That's what it says on the top, yes.

3 Q. What I'd like to ask specifically
4 about is under the operating process on that
5 page, there's a bullet, seventh bullet under
6 Snyder's responsibility. It says: Enforce a
7 dress code that includes usage of GTE branding.
8 And then it lists a series of items. And I was
9 wondering if you could discuss the type of
10 branding that Snyder used that's shown there
11 that would show GTE?

12 A. I don't know the specifics. I could
13 tell you when I did the mystery shop and when
14 we saw different articles around the Snyder
15 offices.

16 Q. Okay. Please do?

17 A. They used the small GTE bug, which is
18 -- it's just the logo.

19 Q. What bug?

20 A. Let me use this for a second.

21 MR. WOFFORD: No, I don't think he
22 wants you to draw.

23 THE WITNESS: Oh, I'm sorry.

24 BY MR. BECK:

25 Q. Just describe it. There's a bug

1 that's the GTE logo?
 2 A. It's our logo. It's a little
 3 circular, oval picture that has GTE written on
 4 it. It's blue and white. That's just what
 5 they call it, the GTE bug. I'm sorry.
 6 Q. Go ahead.
 7 A. Sorry. When we saw that, it was the
 8 standard GTE logo that we had on there. It was
 9 either blue or white was the standard colors.
 10 Q. And where would Snyder use that?
 11 A. On the I.D. badge that I remember, I
 12 believe that there was a small logo on that
 13 badge. They had some promotional materials
 14 also that had the GTE logo on it as well.
 15 Q. Did the shirt Snyder employees wear
 16 have the GTE logo on them?
 17 A. The one that I remember from the
 18 mystery shop, yes.
 19 Q. In fact, their policy says that.
 20 That's the first one listed under GTE branding
 21 shirts. Is that right?
 22 A. Yes.
 23 Q. How about caps, have you ever seen
 24 Snyder people wear a cap with a GTE logo?
 25 A. No.

1 Can you look at the document that
 2 that's been labeled 18536, please?
 3 A. Yes.
 4 Q. The first line of that document
 5 underneath the heading talks about the number
 6 of complaints on hand at GTECC sent to Snyder
 7 on March 18, 1988, doesn't it?
 8 A. Yes.
 9 Q. Does that document say anything about
 10 the number of complaints received by GTECC on
 11 any particular day?
 12 A. It's ambiguous. It does not say that
 13 specifically.
 14 Q. Do you see anything on here that
 15 indicates to you affirmatively that any number
 16 of complaints were received by GTECC on a
 17 particular day?
 18 A. It says it was sent to Snyder on
 19 3/18/88. It doesn't show how many, if that was
 20 from previous days or not. It just shows that
 21 they sent 28 documents -- or 28 complaints.
 22 I'm sorry.
 23 Q. And there's a little asterisk next to
 24 that legend, right?
 25 A. Yes.

1 Q. How about shirts or advertisements,
 2 did they have a GTE logo that you've seen?
 3 A. I did see some promotional materials
 4 that, again, had the small GTE logo on them.
 5 Q. Any other items listed here where you
 6 recall seeing GTE logos?
 7 A. The sales booths, Item J. They also
 8 had -- they would have banners that would
 9 list, you know, have the GTE logo on there and
 10 say GTE Long Distance, something like that,
 11 when they would set up their booths.
 12 MR. BECK: Okay. That's it. Thank
 13 you very much.
 14 Do you have any?
 15 MR. FORDMAN: No questions.
 16 MR. WOFFORD: Give me just about five
 17 minutes, and I may have a few questions.
 18 MR. BECK: Okay. Go right ahead.
 19 (A recess was taken at this time.)
 20 MR. WOFFORD: Back on the record.
 21 EXAMINATION
 22 BY MR. WOFFORD:
 23 Q. Mr. Weaver, I have a few questions.
 24 I want to try and clarify some of your earlier
 25 testimony.

1 Q. And the description of the number of
 2 documents sent to Snyder on a particular day is
 3 further explained as a day's worth of
 4 complaints, right?
 5 A. For testing purposes, comma, a day's
 6 worth of complaints on hand at GTE (28 on 3/28)
 7 was traced to Snyder's log.
 8 Q. And that language you've just read
 9 refers to the number of complaints sent to
 10 Snyder on a particular day, right?
 11 A. Again, it's -- they sent 28, and it
 12 says it was a day's worth of complaints on
 13 hand, but it doesn't say if it was from
 14 previous days other than 3/18/88.
 15 MR. WOFFORD: All right. That's all
 16 I've got.
 17 MR. BECK: Let me follow up on that.
 18 EXAMINATION
 19 BY MR. BECK:
 20 Q. You're saying that you would
 21 interpret a day's worth of complaints as
 22 possibly including more than one day's worth?
 23 A. I don't know if they batched
 24 complaints and then sent them on a daily,
 25 weekly, monthly basis to Snyder. I don't know

1 if this was all from 3/15 or if it included
2 3/9, 3/8, 3/7, other dates.

3 Q. Well, if you were sending a week's
4 worth of complaints, would you call them a
5 day's worth?

6 A. I don't -- again it's -- it says a
7 day's worth of complaints on hand. Now, does
8 that mean it's -- on hand is, I guess, the
9 piece that's a little puzzling. It doesn't
10 clarify specifically.

11 MR. BECK: All right. That's all.

12 MR. WOFFORD: That's all I've got.

13 He wants to read. And we'd like to
14 designate the testimony as confidential.

15 (Thereupon, the deposition was
16 adjourned at 1:35 p.m.)

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1 Page ___ Line ___ should read: _____

2 Reason for change: _____

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5 Page ___ Line ___ should read: _____

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7 Page ___ Line ___ should read: _____

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13 Page ___ Line ___ should read: _____

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15 Page ___ Line ___ should read: _____

16 Reason for change: _____

17 Page ___ Line ___ should read: _____

18 Reason for change: _____

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21 Signature

22 _____

23 _____, Notary Public.

24 This _____ day of _____, 2000.

25 My Commission Expires:

1 ERRATA SHEET

2 Pursuant to Rule 38(7)(e) of the Federal
3 Rules of Civil Procedure and/or Georgia Code
4 Annotated 81A-138(B)(6)(e), any changes in form
5 or substance which you desire to make to your
6 deposition testimony shall be entered upon the
7 deposition with a statement of the reasons
8 given for making them.

9 To assist you in making any such
10 corrections, please use the form below. If
11 supplemental or additional pages are necessary,
12 please furnish same and attach them to this
13 errata sheet.

14
15 I, the undersigned, WAYNE WEAVER, do
16 hereby certify that I have read the foregoing
17 deposition, and that to the best of my
18 knowledge, said deposition is true and accurate
19 (with the exception of the following
20 corrections listed below).

21 Page ___ Line ___ should read: _____

22 Reason for change: _____

23 Page ___ Line ___ should read: _____

24 Reason for change: _____

25

1 CERTIFICATE

2
3 STATE OF GEORGIA:
4 COUNTY OF FULTON:
5

6 I hereby certify that the foregoing
7 deposition was reported, as stated in the
8 caption, and that the questions and the
9 answers thereto were reduced to the
10 written page under my direction, that the
11 preceding pages represent a true and
12 correct transcript of the testimony given
13 by said witness.

14 I further certify that I am not of
15 kin or counsel to the parties in the case,
16 am not in the regular employ of counsel
17 for any of said parties, nor am I in any
18 way financially interested in the result
19 of said case.

20 Dated this _____ day of _____, 2000.

21 _____

22 _____

23 _____

24 _____

25 DEBORAH L. SWILLEY, CCR-B-2174.

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Deposition of Wayne Weaver, 11-29-2000, The Marotte Group, Inc.

<p style="text-align: center;">1</p> <p>1 (1) 61:7 1/1 (1) 61:3 10 (4) 75:8,22 98:25 107:7 100 (3) 36:22 57:23 65:20 107 (1) 3:9 109 (1) 3:10 111 (1) 2:7 11th (2) 32:18 38:12 12 (1) 54:15 12-2 (1) 60:7 12.1 (3) 54:13,20,22 12.2 (3) 54:14,17,23 1201 (1) 2:15 13 (1) 55:14 14 (3) 64:17,20 103:5 14th (4) 72:20 73:11,19 74:2 15 (1) 70:12 17456 (2) 6:6 8:17 17460 (2) 18:17 19:17 17461 (1) 40:10 17462 (2) 6:6,7 17672 (2) 41:22,24 17677 (1) 43:14 17683 (2) 42:22 43:3 17707 (1) 43:7 17819 (2) 94:15,16 17845 (1) 95:17 18 (2) 5:3 55:15 18259 (3) 96:13,16 97:1 18262 (2) 97:22 101:1 18263 (1) 97:23 18274 (1) 47:2 18276 (1) 47:8 18483 (4) 49:3,6,9,25 18484 (2) 49:25 51:8 18495 (2) 51:25 56:22 18499 (6) 52:20 53:23 55:2 57:6 64:24 65:23 18500 (4) 54:8 60:8 62:13 66:1 18501 (1) 63:4 18502 (1) 64:18 18507 (2) 60:8,9 18519 (1) 62:1 18520 (1) 65:9 18533 (5) 66:17,18,22 69:15 71:21 18536 (2) 74:18 107:2 18537 (2) 76:13 79:24 18539 (2) 77:6 79:6 18541 (1) 81:22 18542 (1) 81:22 18794 (1) 82:20 18795 (2) 82:16 83:11 18803 (1) 85:18 18866 (1) 86:23 18880 (3) 89:20,24 91:9 18881 (1) 91:9 18882 (1) 91:16 18886 (2) 87:1 92:7 18893 (2) 87:19,22 18895 (1) 88:6 18896 (1) 87:20 18919 (2) 92:18 94:2 18920 (1) 92:18 19 (1) 55:18 1997 (1) 47:16 1998 (7) 6:18 32:18 38:12 61:7 63:11 65:12 69:8 70:13 72:12 73:11,19 75:8,18,22 83:20 98:25 107:7 1:35 (1) 109:16</p>	<p>20907 (2) 102:17,22 20908 (1) 103:4 20914 (1) 103:22 20958 (1) 103:7 25 (2) 54:24 56:5 25-4.118 (1) 1:9 2540 (1) 2:23 256 (1) 96:17 275 (1) 96:17 28 (6) 75:7,10 107:21,21 108:6,11 29 (1) 1:17</p> <p style="text-align: center;">3</p> <p>3 (1) 1:3 3/10 (1) 109:1 3/10/98 (3) 75:25 107:19 108:14 3/28 (1) 108:6 3/7 (1) 109:2 3/8 (1) 109:2 3/9 (1) 109:2 30 (3) 17:21 79:7 81:25 30(7)(e) (1) 110:2 30309-3424 (1) 2:16 305 (5) 55:9 56:2 63:7 65:13 69:23 305-651-6513 (1) 56:8 305s (1) 55:16 32399-0863 (1) 2:24 32399-1400 (1) 2:8 38 (1) 41:5</p> <p style="text-align: center;">4</p> <p>4/14/98 (2) 72:16 74:8 4/7 (2) 68:25 73:2 4/7/98 (1) 68:23 4/8 (4) 61:3 73:1,2 74:4 404 (2) 1:23 2:17 407 (3) 55:19 56:2 65:13 413-6227 (1) 2:25 43 (3) 75:20 76:7,10 4400 (1) 1:22 48.44 (3) 83:20 85:8,9 488-9330 (1) 2:9</p> <p style="text-align: center;">5</p> <p>5 (5) 3:8 18:18 40:21 55:14 56:8 500 (2) 62:13 63:4 519 (2) 62:2 64:16 535 (2) 66:23 71:22 539 (1) 78:3 540 (1) 78:4 58 (1) 41:5</p> <p style="text-align: center;">6</p> <p>6 (5) 40:9,18,22,24 82:24 60 (1) 17:21 600 (3) 77:20 79:3,11 677 (1) 43:15 68 (1) 41:5 683 (1) 42:24</p> <p style="text-align: center;">7</p> <p>7 (1) 72:12 72 (1) 59:25 72-hour (1) 59:22 793 (1) 83:1 794 (1) 83:1 7th (2) 72:20,25</p> <p style="text-align: center;">8</p> <p>8 (1) 73:18 812 (1) 2:7 81a-130(b)(6)(e) (1) 110:4 83 (1) 49:24 84 (1) 49:24 849 (1) 86:25 850 (2) 2:9,25 851-9679 (1) 1:23 866 (1) 87:2 881-7000 (1) 2:17</p>	<p>886 (1) 87:3 890 (1) 87:21 896 (1) 87:22 8th (4) 61:7 73:5,8 74:1</p> <p style="text-align: center;">9</p> <p>90 (1) 17:21 919 (2) 92:19,20 94 (1) 6:3 97 (1) 48:25 98 (3) 15:23 73:5 83:15 990362-t1 (1) 1:2</p> <p style="text-align: center;">A</p> <p>ability (1) 25:1 able (5) 16:23 24:20 51:23 74:4 86:5 accepted (4) 83:22 84:22 85:12 86:7 accepting (1) 83:25 accepts (1) 83:17 accomplish (2) 97:13,19 according (3) 79:5 80:4 83:18 accounting (2) 5:15,16 accuracy (1) 9:25 accurate (1) 110:18 accurately (1) 72:4 acquainted (1) 39:11 acronym (1) 18:2 across (2) 57:7 60:2 acting (3) 12:18 45:13,20 action (3) 11:23 58:10,14,21,25 62:15,25 66:12 81:1 activities (1) 97:20 activity (1) 85:25 actual (7) 10:16 19:12,15 21:14 57:19 62:12,25 actually (4) 10:9 11:24 18:12 20:3 21:15 24:16 26:3,10 29:24 39:15,17 58:6 65:2 87:11 additional (5) 7:21 20:14 29:7 78:20 110:11 address (1) 84:11 addressed (1) 48:4 addresses (1) 50:20 adequately (1) 51:2 adjourned (1) 109:16 administratively (1) 44:17 advertisements (1) 106:1 affairs (3) 7:25 27:3 37:6 affiliates (1) 9:3 affirmatively (1) 107:15 afni (7) 17:14,16,18,25 18:2,8,11 agencies (1) 8:6 agents (1) 88:14 agree (2) 4:17 51:22 agreeable (1) 32:25 agreed (4) 30:9,20,25 31:2 agreement (1) 23:8 agrees (1) 31:4 ahead (9) 11:6 21:20 27:4 58:4,24 60:25 100:1 105:6 106:18 alien (1) 99:5 allowed (1) 24:6 already (1) 18:23 36:5 38:24 39:21 40:2 44:5 70:6 71:22 72:1 93:21 97:17 alston (1) 2:13 ambiguous (1) 107:12 american (1) 18:5 among (1) 84:24 amount (2) 19:9 86:6 analyses (1) 20:21 analysis (3) 19:21,24 21:1,10,11 22:8 31:12 81:17 95:9 and/or (2) 89:4 110:3 andrew (1) 7:5 annotated (1) 110:4 annual (2) 15:21 16:1 another (6) 27:11 38:19 89:6,15 92:7 93:1</p>	<p>answer (3) 21:20 86:6 92:4 answered (1) 90:16 answering (1) 67:20 answers (1) 112:9 anybody (4) 28:21 35:21,24 102:1 anyhow (1) 91:4 anyway (1) 79:22 apparent (1) 1:8 appear (1) 39:14 appearance (1) 88:10 appearances (1) 2:1 appeared (1) 87:11 appears (2) 95:22,23 approach (1) 16:4 appropriate (2) 89:12 95:2 approved (1) 96:6 april (2) 61:7 72:12,20,21,25 73:5,7,11,18,18 74:1,2 area (1) 51:8 55:9,16,18,21 56:3 61:21 63:8 65:13 67:5,7 69:23 70:8,11 99:7,12 areas (1) 19:11 around (4) 22:14 32:18 87:18 104:14 articles (1) 104:14 ascribe (1) 51:11 aside (1) 46:25 aspect (1) 13:8 assigned (1) 98:14 assist (1) 110:9 assisting (1) 45:13 associate (4) 6:15 11:18 50:7 95:3 associates (1) 88:13 assume (3) 12:20 21:21 58:15 61:24 64:1 69:12 75:25 96:5 103:9 assumption (1) 71:13 assurance (1) 24:24 asterisk (1) 107:23 at&t (1) 84:16 atlanta (2) 1:16 2:16 atlantic (1) 2:14 attach (1) 110:12 attended (1) 34:10 attending (1) 87:12 attention (3) 19:16 43:16 56:22 attire (1) 96:6 attorney-client (1) 14:17 attributes (1) 9:6 audit (105) 4:25 6:17,20,23 7:12,13 8:4,13 12:21 13:1,3,4 14:23 15:1 16:3,3,6 17:10,10,12,16,17 18:21 21:24 23:2 25:4 27:15 28:4,4 29:12,21,25 30:11,16,17,21 32:10 33:5,7,14,25 34:2,5,12 35:13 36:13,15,16,16 37:9,14,17 39:4,23,24 40:5 42:9,13 44:2,13,18,20,21,25 45:15,17,20,22,25 46:4,6 47:15,15,18,20,23,24 48:5,12,14,18,21 52:3 59:3 62:20 72:10 73:23 78:9 80:23,24 87:6,11 91:13 92:22 94:21 95:10 97:6,8,13,19 100:16 102:11 103:13,14,16 audit's (1) 44:17 audited (2) 8:10,11 auditing (4) 5:17 39:15 45:13,14 auditor (8) 5:7,18,22 6:24,25 74:7,25 91:19 auditor's (1) 73:14 auditors (1) 53:13 audits (1) 16:7 authentic (3) 10:4 24:12 25:5 authenticate (2) 24:20 26:12 authenticating (1) 10:5 author (1) 102:9 authorization (3) 23:16 25:5 70:17 authorizations (3) 10:3,8 24:12 authorize (1) 80:7 authorized (1) 57:22</p>
<p style="text-align: center;">2</p> <p>2 (1) 82:24 2,789 (1) 86:12 2/26 (1) 69:8 2/26/98 (1) 69:10 2/5/98 (2) 68:23,24 20 (3) 75:13,16 92:20 2000 (4) 1:3,17 86:13 111:24</p>			

Deposition of Wayne Weaver, 11-29-2000, The Marotte Group, Inc.

<p>avp (2) 7:24 37:3 aware (2) 48:13,16</p>	<p>boss (1) 44:17 both (5) 26:17 27:2 34:9 73:25 81:16 bottom (6) 40:21 48:3 50:12 59:10 60:3 81:13 boulevard (1) 2:23 brain (1) 97:19 branding (3) 104:7,10 105:20 break (2) 74:12,14 briefly (5) 6:12 8:20 47:1,13 76:17 bring (1) 11:9 broken (1) 98:11 brought (1) 29:23 btn (4) 55:5,7 57:15 64:19 btns (1) 61:21 bug (4) 104:17,19,25 105:5 bullet (4) 19:17 41:4 104:5,5 bullets (3) 8:17,21 40:12 business (23) 5:14 12:2 16:4 27:17,20 29:17 34:25 76:22,24 77:2,20,22 78:12,14,19,25 79:11,15,16,25 80:13 82:1 98:4 businesses (4) 79:4,12 80:7 98:15 butch (1) 28:17</p>	<p>civil (1) 110:3 claimed (1) 10:10 clarify (2) 106:24 109:10 clean (1) 95:2 clear (1) 33:18 clearing (3) 33:17 40:6,8 closely (1) 98:14 code (13) 55:10,16,18 61:21 63:8 65:13 69:24 82:9,13 84:14,17 104:7 110:3 codes (2) 55:21 56:3 coining (1) 23:13 colors (1) 105:9 column (5) 59:17 70:24,25 71:3,23 columns (8) 55:5 57:8,15 59:7,10,14 69:6 70:20 combination (1) 81:16 combine (1) 56:2 come (3) 7:12 26:8 30:7 37:11 50:24 72:1 comes (3) 56:10 84:21 94:24 coming (5) 11:11 76:24 78:12 86:18 95:18 comma (1) 108:5 commission (3) 1:1 2:20 111:25 communicated (1) 31:13 communication (1) 76:23 communications (4) 1:7 4:14 28:13 102:20 comp (2) 9:16,17 companies (1) 10:4 company (8) 10:8 21:9 68:10 93:1,11,19 94:4,5 99:4 compare (3) 12:25 19:10 26:10 compared (1) 24:22 compensation (1) 9:15 complaint (10) 9:21 51:5,6 53:17 58:20 59:22,24 62:14 63:25 69:12 complaints (6) 7:19 22:10,10 37:10,13 50:16,24 52:9 53:9,13 54:11,18 56:11,14,18,19,25 57:3 60:10 61:3,5,12,20 62:17 63:14,21,24 64:4 65:1,16 66:3,4 67:3,8,9,13,14,23,25 68:15,17 72:1 75:1,4,7,21,21,24 76:3,8,11 81:5 107:6,10,16,21 108:4,6,9,12,21,24 109:4,7 complete (3) 68:17,20 69:4 completed (2) 21:11 81:18 completing (1) 27:15 compliance (1) 37:6 concern (2) 33:9 51:3 concerned (1) 23:8 concerning (5) 33:4 35:7 37:19 46:16 92:23 concerns (7) 11:16 17:17,25 23:9 27:1,6 100:23 conclude (2) 73:17 80:10 concluded (2) 16:15 23:4 conclusion (1) 16:17 conclusions (1) 23:6 concurrent (1) 103:10 condition (1) 50:13 conducted (4) 6:21 22:4 39:17 47:21 conducting (1) 34:2 conference (1) 30:2 confidential (2) 1:14 109:14 confirmed (1) 95:16 consist (1) 49:22 constraints (3) 26:24 27:14,18 consumer (3) 96:10 98:3,7,8,10,12,14,17 contact (7) 9:1 15:12 24:6 26:19 32:2 33:23 44:7 contacted (2) 27:7 79:7 contacting (3) 23:25 24:18 26:6 contained (1) 14:1 contention (1) 78:23 contents (1) 103:6</p>	<p>continuation (1) 86:17 continue (1) 59:8 continuing (1) 27:22 contract (2) 77:3 80:14 contracted (1) 76:21 contrast (1) 13:1 contributing (1) 85:7 control (3) 9:20 14:19 30:6 controlled (1) 22:12 controller (2) 44:15 45:13 controls (2) 9:23 48:4 conversation (1) 36:10 conversations (1) 81:14 copy (8) 14:8 25:22 26:7 45:23 101:5,19,25,25 corporation (1) 1:8 corps (1) 28:13 correct (1) 8:15 13:9 18:24 38:16 51:16 54:24 64:23 65:4 67:11,22 71:7 73:16 76:9 79:4 80:3 88:15 92:1,14 112:12 correction (1) 51:19 corrections (2) 110:10,20 correctly (1) 63:6 cost (1) 19:21,22 20:1,22,25 21:10,14,15,23 22:5,7,22 31:12 costs (2) 20:15 26:20 couldn't (4) 21:17 24:2 72:24 73:4 counsel (7) 2:1,5 4:10 6:16 44:10 112:15,16 count (1) 55:13 county (1) 112:4 couple (4) 68:21 82:7 98:11 102:24 course (2) 61:11 69:1 cover (2) 42:10 91:3 covered (3) 12:6 60:14,20 covers (1) 103:24 cpa (1) 5:12 crc (1) 61:3 cross (3) 62:22 64:16,18 cross-reference (1) 52:23 cross-referenced (1) 54:10 customer (25) 9:1,5 11:21 20:9,9 22:11 23:3,23,25 24:7,18,21 26:6,19 27:10 52:9 53:15 57:18 70:6,6,7,9 81:4,16 84:4 customer's (1) 11:20 customers (1) 9:19 25:2 27:8 78:15,17,18,20,24 79:1,15 82:5 cut (1) 68:22 cycle (2) 15:21 16:1</p>
<p>C</p>			
<p>begin (2) 19:20 31:1 beginning (1) 60:8 begins (3) 6:5 49:6 102:22 behalf (3) 2:2,11,19 behind (2) 37:17 62:1 believe (33) 7:9,16,24 15:17 17:13 18:5 20:3,5 27:15 28:2,15 31:18 35:2 36:21 37:24 39:1 45:4 54:15 58:23 61:15 62:11,21,23,23 67:16 90:25 91:7 92:24 93:15 94:7 98:18 99:13 105:12 believed (1) 22:9 below (3) 59:6 110:10,20 benefit (1) 19:21,24 20:25 21:10 22:7,8,9,21,22,22 31:12 besides (2) 35:5 36:2 best (3) 19:7 101:4 110:17 better (1) 22:11 between (3) 18:16 29:4 72:20 big (10) 11:16 24:1 30:2 43:20,21,23,25 44:6 84:4,10 bigger (1) 8:9 biggest (2) 51:2,3 bill (1) 44:12 billing (6) 55:8 64:19 84:5,9,12 86:16 binney (2) 99:6,6 bircher (1) 28:17 bird (1) 2:13 birth (1) 41:8 bit (7) 25:17 31:11 50:18 86:20 87:19 90:1 94:9 black (1) 17:19 blah (3) 60:5,5,5 blank (2) 82:22 83:2 blue (3) 89:11 105:4,9 booths (2) 106:7,11</p>	<p>calculate (1) 21:15 california (5) 18:24 19:5,10 20:18 21:17 call (1) 5:17 11:4 20:7,11 30:2 33:17 53:15 58:1 88:1 105:5 109:4 called (1) 17:19 calls (2) 21:18 81:25 came (8) 7:16 12:11 34:20 45:19 59:24 68:7 71:22 78:22 cannot (1) 24:19 cap (1) 105:24 caps (1) 105:23 caption (1) 112:8 care (1) 81:9 carrier (1) 84:14 case (5) 56:1 59:16 91:19 112:15,19 catchall (1) 12:9 categories (1) 51:11 category (1) 12:10 caught (2) 11:19 25:12 cause (7) 1:6 77:2 80:13,25 81:3,15 83:25 caused (2) 7:13 28:4 causing (1) 30:6 ccr-b-2174 (2) 1:25 112:25 cell (3) 20:5,8,11 center (1) 2:14 central (1) 50:25 certain (2) 9:9 79:18 certify (3) 110:16 112:6,14 change (19) 10:3,8 18:13 29:17 38:1 58:18 84:19 94:8 110:23,25 111:2,4,6,8,10,12,14,16,18 changed (2) 28:18 30:22 changes (5) 13:13,16,17 80:8 110:4 changing (3) 16:21 41:17 56:15 charge (1) 100:9 charles (1) 2:4 charlie (4) 4:8,16 42:14 47:4 chart (1) 83:11 charts (2) 85:22 86:3 check (3) 24:11 54:4 93:10 checked (1) 95:9 checklist (1) 88:7 checklists (1) 91:7 chicago (3) 90:8,10 91:10 chris (2) 98:2,6 cia (1) 5:13 circled (2) 91:24 92:2 circular (1) 105:3 citizens (1) 2:2</p>	<p>communicated (1) 31:13 communication (1) 76:23 communications (4) 1:7 4:14 28:13 102:20 comp (2) 9:16,17 companies (1) 10:4 company (8) 10:8 21:9 68:10 93:1,11,19 94:4,5 99:4 compare (3) 12:25 19:10 26:10 compared (1) 24:22 compensation (1) 9:15 complaint (10) 9:21 51:5,6 53:17 58:20 59:22,24 62:14 63:25 69:12 complaints (6) 7:19 22:10,10 37:10,13 50:16,24 52:9 53:9,13 54:11,18 56:11,14,18,19,25 57:3 60:10 61:3,5,12,20 62:17 63:14,21,24 64:4 65:1,16 66:3,4 67:3,8,9,13,14,23,25 68:15,17 72:1 75:1,4,7,21,21,24 76:3,8,11 81:5 107:6,10,16,21 108:4,6,9,12,21,24 109:4,7 complete (3) 68:17,20 69:4 completed (2) 21:11 81:18 completing (1) 27:15 compliance (1) 37:6 concern (2) 33:9 51:3 concerned (1) 23:8 concerning (5) 33:4 35:7 37:19 46:16 92:23 concerns (7) 11:16 17:17,25 23:9 27:1,6 100:23 conclude (2) 73:17 80:10 concluded (2) 16:15 23:4 conclusion (1) 16:17 conclusions (1) 23:6 concurrent (1) 103:10 condition (1) 50:13 conducted (4) 6:21 22:4 39:17 47:21 conducting (1) 34:2 conference (1) 30:2 confidential (2) 1:14 109:14 confirmed (1) 95:16 consist (1) 49:22 constraints (3) 26:24 27:14,18 consumer (3) 96:10 98:3,7,8,10,12,14,17 contact (7) 9:1 15:12 24:6 26:19 32:2 33:23 44:7 contacted (2) 27:7 79:7 contacting (3) 23:25 24:18 26:6 contained (1) 14:1 contention (1) 78:23 contents (1) 103:6</p>	<p>continuation (1) 86:17 continue (1) 59:8 continuing (1) 27:22 contract (2) 77:3 80:14 contracted (1) 76:21 contrast (1) 13:1 contributing (1) 85:7 control (3) 9:20 14:19 30:6 controlled (1) 22:12 controller (2) 44:15 45:13 controls (2) 9:23 48:4 conversation (1) 36:10 conversations (1) 81:14 copy (8) 14:8 25:22 26:7 45:23 101:5,19,25,25 corporation (1) 1:8 corps (1) 28:13 correct (1) 8:15 13:9 18:24 38:16 51:16 54:24 64:23 65:4 67:11,22 71:7 73:16 76:9 79:4 80:3 88:15 92:1,14 112:12 correction (1) 51:19 corrections (2) 110:10,20 correctly (1) 63:6 cost (1) 19:21,22 20:1,22,25 21:10,14,15,23 22:5,7,22 31:12 costs (2) 20:15 26:20 couldn't (4) 21:17 24:2 72:24 73:4 counsel (7) 2:1,5 4:10 6:16 44:10 112:15,16 count (1) 55:13 county (1) 112:4 couple (4) 68:21 82:7 98:11 102:24 course (2) 61:11 69:1 cover (2) 42:10 91:3 covered (3) 12:6 60:14,20 covers (1) 103:24 cpa (1) 5:12 crc (1) 61:3 cross (3) 62:22 64:16,18 cross-reference (1) 52:23 cross-referenced (1) 54:10 customer (25) 9:1,5 11:21 20:9,9 22:11 23:3,23,25 24:7,18,21 26:6,19 27:10 52:9 53:15 57:18 70:6,6,7,9 81:4,16 84:4 customer's (1) 11:20 customers (1) 9:19 25:2 27:8 78:15,17,18,20,24 79:1,15 82:5 cut (1) 68:22 cycle (2) 15:21 16:1</p>
<p>D</p>			
<p>daily (1) 108:24 date (27) 38:14,22 41:8 57:15,16,20,20,25 58:2,3,19,25 59:1 65:12 68:22,24 69:11,11,12 70:12,14,14 72:9,11 73:10 74:5,7 dated (1) 112:21 dates (5) 9:9 58:6 61:9 63:11 109:2 day (7) 75:17 107:11,17 108:2,10 111:24 112:21 day's (3) 76:3 108:3,5,12,21,22 109:5,7 days (3) 17:21 107:20 108:14 deal (1) 11:21 deborah (1) 112:25 december (2) 15:23 38:7 decision (5) 27:17,21,24 28:10 29:8 defining (1) 80:1 definite (1) 23:9 definitely (2) 80:5,10 definition (1) 26:13 degree (3) 5:12,14 6:2 delays (1) 17:22 delivered (2) 14:7,8 delivery (1) 11:3 department (12) 5:1 7:15,23 10:</p>	<p>calculate (1) 21:15 california (5) 18:24 19:5,10 20:18 21:17 call (1) 5:17 11:4 20:7,11 30:2 33:17 53:15 58:1 88:1 105:5 109:4 called (1) 17:19 calls (2) 21:18 81:25 came (8) 7:16 12:11 34:20 45:19 59:24 68:7 71:22 78:22 cannot (1) 24:19 cap (1) 105:24 caps (1) 105:23 caption (1) 112:8 care (1) 81:9 carrier (1) 84:14 case (5) 56:1 59:16 91:19 112:15,19 catchall (1) 12:9 categories (1) 51:11 category (1) 12:10 caught (2) 11:19 25:12 cause (7) 1:6 77:2 80:13,25 81:3,15 83:25 caused (2) 7:13 28:4 causing (1) 30:6 ccr-b-2174 (2) 1:25 112:25 cell (3) 20:5,8,11 center (1) 2:14 central (1) 50:25 certain (2) 9:9 79:18 certify (3) 110:16 112:6,14 change (19) 10:3,8 18:13 29:17 38:1 58:18 84:19 94:8 110:23,25 111:2,4,6,8,10,12,14,16,18 changed (2) 28:18 30:22 changes (5) 13:13,16,17 80:8 110:4 changing (3) 16:21 41:17 56:15 charge (1) 100:9 charles (1) 2:4 charlie (4) 4:8,16 42:14 47:4 chart (1) 83:11 charts (2) 85:22 86:3 check (3) 24:11 54:4 93:10 checked (1) 95:9 checklist (1) 88:7 checklists (1) 91:7 chicago (3) 90:8,10 91:10 chris (2) 98:2,6 cia (1) 5:13 circled (2) 91:24 92:2 circular (1) 105:3 citizens (1) 2:2</p>	<p>communicated (1) 31:13 communication (1) 76:23 communications (4) 1:7 4:14 28:13 102:20 comp (2) 9:16,17 companies (1) 10:4 company (8) 10:8 21:9 68:10 93:1,11,19 94:4,5 99:4 compare (3) 12:25 19:10 26:10 compared (1) 24:22 compensation (1) 9:15 complaint (10) 9:21 51:5,6 53:17 58:20 59:22,24 62:14 63:25 69:12 complaints (6) 7:19 22:10,10 37:10,13 50:16,24 52:9 53:9,13 54:11,18 56:11,14,18,19,25 57:3 60:10 61:3,5,12,20 62:17 63:14,21,24 64:4 65:1,16 66:3,4 67:3,8,9,13,14,23,25 68:15,17 72:1 75:1,4,7,21,21,24 76:3,8,11 81:5 107:6,10,16,21 108:4,6,9,12,21,24 109:4,7 complete (3) 68:17,20 69:4 completed (2) 21:11 81:18 completing (1) 27:15 compliance (1) 37:6 concern (2) 33:9 51:3 concerned (1) 23:8 concerning (5) 33:4 35:7 37:19 46:16 92:23 concerns (7) 11:16 17:17,25 23:9 27:1,6 100:23 conclude (2) 73:17 80:10 concluded (2) 16:15 23:4 conclusion (1) 16:17 conclusions (1) 23:6 concurrent (1) 103:10 condition (1) 50:13 conducted (4) 6:21 22:4 39:17 47:21 conducting (1) 34:2 conference (1) 30:2 confidential (2) 1:14 109:14 confirmed (1) 95:16 consist (1) 49:22 constraints (3) 26:24 27:14,18 consumer (3) 96:10 98:3,7,8,10,12,14,17 contact (7) 9:1 15:12 24:6 26:19 32:2 33:23 44:7 contacted (2) 27:7 79:7 contacting (3) 23:25 24:18 26:6 contained (1) 14:1 contention (1) 78:23 contents (1) 103:6</p>	<p>continuation (1) 86:17 continue (1) 59:8 continuing (1) 27:22 contract (2) 77:3 80:14 contracted (1) 76:21 contrast (1) 13:1 contributing (1) 85:7 control (3) 9:20 14:19 30:6 controlled (1) 22:12 controller (2) 44:15 45:13 controls (2) 9:23 48:4 conversation (1) 36:10 conversations (1) 81:14 copy (8) 14:8 25:22 26:7 45:23 101:5,19,25,25 corporation (1) 1:8 corps (1) 28:13 correct (1) 8:15 13:9 18:24 38:16 51:16 54:24 64:23 65:4 67:11,22 71:7 73:16 76:9 79:4 80:3 88:15 92:1,14 112:12 correction (1) 51:19 corrections (2) 110:10,20 correctly (1) 63:6 cost (1) 19:21,22 20:1,22,25 21:10,14,15,23 22:5,7,22 31:12 costs (2) 20:15 26:20 couldn't (4) 21:17 24:2 72:24 73:4 counsel (7) 2:1,5 4:10 6:16 44:10 112:15,16 count (1) 55:13 county (1) 112:4 couple (4) 68:21 82:7 98:11 102:24 course (2) 61:11 69:1 cover (2) 42:10 91:3 covered (3) 12:6 60:14,20 covers (1) 103:24 cpa (1) 5:12 crc (1) 61:3 cross (3) 62:22 64:16,18 cross-reference (1) 52:23 cross-referenced (1) 54:10 customer (25) 9:1,5 11:21 20:9,9 22:11 23:3,23,25 24:7,18,21 26:6,19 27:10 52:9 53:15 57:18 70:6,6,7,9 81:4,16 84:4 customer's (1) 11:20 customers (1) 9:19 25:2 27:8 78:15,17,18,20,24 79:1,15 82:5 cut (1) 68:22 cycle (2) 15:21 16:1</p>

Deposition of Wayne Weaver, 11-29-2000, The Marotte Group, Inc.

12 11:17 16:3 29:12 45:16 46:6
 59:3 80:24 97:6
deposition (7) 1:15 109:15 110:
 6,7,17,18 112:7
describe (22) 6:12 8:20,21 13:
 23 17:15 19:2 39:8 40:15,25
 47:13 49:14 50:18 52:15,16 76:
 17 78:7 82:18 83:11,24 87:24
 98:1 104:25
described (21) 38:25 52:3
describes (3) 81:24 86:2 97:12
description (1) 108:1
descriptions (1) 51:10
designate (1) 109:14
designations (1) 5:11
designed (1) 97:13
desire (1) 110:5
detail (2) 50:19 66:9
detailed (2) 62:12 83:12
details (1) 79:21
determination (2) 28:5 71:17
determine (3) 20:22 22:4 24:5,
 14,15 25:4 53:12 77:2 80:12
determined (3) 24:24 71:14 91:
 20
determining (1) 23:25
development (2) 96:1,11
different (1) 7:20 9:11 11:11
 16:6,7 30:1 31:25 36:12 40:19
 41:23 47:20 60:2 67:7,8 84:12
 93:13 96:22 98:11 104:14
digit (1) 84:6
direct (5) 6:17 16:13 19:16 56:
 21 96:9
direction (1) 112:10
directly (2) 24:7 28:24
director (3) 12:19 19 45:15
disciplinary (1) 11:23
discovered (1) 23:1
discuss (13) 13:17 14:22 15:2
 16:8 28:21 32:8 33:13 35:6 40:
 4 45:25 46:15 78:1 104:9
discussed (2) 13:21 30:4 31:24
 32:12 33:24 35:9 36:4 39:22
 40:2 45:6 46:18 60:12
discussion (1) 69:14
discussing (2) 15:18 32:17
discussions (6) 15:3,6 38:6 44:
 22 46:3 97:15
distance (2) 8:7 10:4,8 47:16
 48:15 90:16 91:22 92:13 98:21,
 23 100:6 106:10
distant (1) 25:19
distinctions (1) 79:23
distribute (1) 32:10
distribution (2) 32:3,5
division (3) 2:22 100:2,5
docket (1) 89:10
docket (1) 1:2
document (4) 6:5,10,13,19 25:
 18 33:12 41:23 42:4,8,16,25
 47:2,5,11 49:8,16,17,21 52:18,
 19,25 54:10 57:13 67:1 71:25
 72:5 74:22,24 75:12 77:1 90:4
 93:14,22 94:14 97:24 102:17,
 22 103:1 107:1,4,9
documentation (3) 9:7 65:7 79:
 14
documenting (1) 80:18
documents (4) 42:17 43:1 50:7
 52:18 53:2 61:25 62:12,24 87:
 19 94:12,20 99:19 107:21 108:
 2
doe (5) 23:23,24 24:1 26:2,3
doe's (1) 24:3
doing (25) 8:7 9:5,12 13:5 16:13
 20:4 25:24 26:15 29:25 30:21,
 21,22 58:7 75:15 76:20 77:22
 80:19 93:8,10,11,13 95:13 97:7
 103:15,19
dollar (1) 21:15
done (15) 16:24 18:23 21:17 26:
 22 29:15 30:25 31:20 41:24 46:

22 48:24 74:9 81:5 93:3,21 94:
 10
door (7) 12:12,12 46:13 63:20
 68:7 72:1 78:22
dot (1) 50:3
double (2) 54:4 93:10
doubt (1) 100:13
down (3) 8:18 26:8 59:6 60:3
 65:22 69:7 77:15,16 91:3
downscale (1) 29:16
draft (3) 13:10,15 33:10
drafted (1) 6:14
draw (1) 104:22
drawing (1) 23:6
dress (1) 104:7
drive (1) 1:22
driver's (1) 41:7
driving (2) 37:15,17
dropping (1) 86:17
dual (1) 12:21
duly (1) 4:4
dump (1) 97:19
duplicates (2) 61:16 86:15
during (10) 16:11 17:17 21:24
 45:19,21 61:6 79:10 83:19 92:
 10 93:22

E

e-1 (3) 59:16,19 60:1
e-2 (1) 82:24
e-mail (9) 77:5,8,17,24 80:9,11,
 18 81:2,21
e-mails (2) 77:10,16
each (7) 8:20 25:15 53:3 57:7
 58:5 59:14 99:2
earlier (3) 48:14,25 53:22 60:12
 67:9 72:23,24 73:4 106:24
edwards (1) 44:12
eight (3) 56:2 60:7 75:10
either (3) 29:16 37:5 45:5 51:18
 56:3 65:13 71:7 101:21 105:9
electronically (1) 18:11
eliminate (1) 22:16
employ (1) 112:16
employed (1) 4:13
employee (2) 91:21 93:24
employees (5) 23:2 88:20,25
 96:3 105:15
encompass (1) 98:8
end (6) 9:22 43:8 101:18 103:7,
 8,11
ended (1) 17:8
ending (3) 6:6 37:24 38:10
enforce (1) 104:6
engage (1) 21:16
engaged (2) 20:18 24:10
engagement (1) 12:17
enough (1) 85:4
ensure (2) 9:24 52:9
entered (2) 21:10 110:6
entire (1) 5:19
entitled (1) 102:19
entry (1) 73:8
environment (2) 100:21 102:6
errata (1) 110:13
escalated (5) 67:3,13,14,23,25
esquire (3) 2:4,12,21
ethical (1) 12:5
ethics (1) 12:2
ethics/compliance (1) 98:5
evaluates (1) 96:3
even (7) 16:23 21:23 29:22 30:
 16 48:25 72:22 79:11
event (6) 17:6 70:24,24 72:11
 78:8 89:12
events (4) 39:6 87:12,17 93:7
everybody (3) 30:20 31:4,6
exact (6) 7:25 34:11 38:22 81:
 15 99:21 100:13
exactly (4) 17:7 24:2 56:16 78:
 21
examination (1) 3:7

examined (1) 4:4
example (8) 41:4 52:22 56:7 57:
 9 63:6 65:8 84:20 86:11
except (1) 4:19
exception (2) 59:19 110:19
exceptions (1) 60:5
executive (1) 32:1
executives (2) 15:4 28:13
expires (1) 111:25
explain (2) 25:17 80:25
explained (1) 108:3
explanation (2) 9:21 88:7
extend (1) 54:1
extent (1) 25:6

F

f.a.c (1) 9:9
fact (6) 64:20 77:25 80:2 88:23
 90:19 105:19
failure (2) 41:14,15
fair (3) 71:13 73:17 97:14
fairly (4) 32:4 45:15,18,19
familiar (5) 17:2 48:7 57:11 87:
 16 94:25
familiarize (2) 62:7 83:7
far (1) 9:9
fargo (2) 93:1,9
fargo's (1) 93:7
favorably (2) 35:16,18
faxed (1) 26:7
february (2) 65:12 86:14
federal (1) 110:2
feeling (1) 19:13
felt (4) 11:25 19:5,7 37:14
few (2) 106:17,23
fictitious (1) 11:20
field (2) 13:4 19:20 20:4,6 25:
 20 30:5,13,18,24 31:10 39:5,12
 41:11 59:21,24 63:1 66:11 84:
 10 87:11,17 96:10
fields (1) 84:13
file (1) 9:8
filed (1) 1:3
finalized (2) 33:12 35:10
finance (2) 15:11,13
financial (2) 17:14 18:5
financially (1) 112:18
find (4) 62:22 64:24 81:18 99:21
finding (4) 22:17 33:9,15 50:23
findings (6) 14:1 32:12 33:18
 45:23 48:1 50:13
fire (1) 28:1
fired (1) 11:22
first (8) 4:4 19:17 48:2 55:5 56:
 7 57:14 72:16 73:10 79:7 82:21
 83:1 88:9,12 96:17 98:6 100:15
 105:20 107:4
five (2) 55:11 106:16
fix (2) 31:6 41:19
fixed (4) 84:25 85:11,15,15
fixes (1) 30:21
fl (1) 82:9
florida (1) 1:1 2:3,6,8,19,24 17:
 3 18:23 55:22 61:22,22 69:23
 82:4,8,11,12 91:14 93:15,23
flow (1) 18:10
flowed (1) 12:11
focal (1) 8:5
focused (1) 8:13
focuses (1) 30:15
folks (3) 30:10,11 33:21
follow (2) 27:5 108:17
follow-up (3) 9:25 14:9 12 15:
 22 16:18 39:24 66:14 78:20 81:
 6
follow-ups (2) 17:9 39:22
following (6) 41:6 43:24 59:6
 70:19 81:2 110:19
follows (2) 4:5 69:19
foot (4) 17:3,8 38:18,21
footer (1) 95:22
force (2) 37:15,17

fordham (2) 2:21 106:15
foregoing (2) 110:16 112:6
forged (4) 11:19 23:5,13,17
forges (3) 10:21 22:16 24:10
forging (1) 23:3
form (5) 4:19 33:11 62:14 110:
 4,10
formality (1) 51:17
formalized (1) 50:14
formally (1) 4:14
forms (2) 10:21 25:11
forth (1) 51:6
forward (1) 61:25
forwarded (4) 25:20 27:2 72:3
 77:17
forwarding (2) 50:15 77:15
found (6) 15:2 38:9 46:7 50:21
 76:7 92:11
four (7) 5:9,19 57:14 84:7 98:4
 99:1,2
fourth (1) 41:4
frame (10) 15:24 16:12 32:19
 38:7 60:14,20 72:10,20 73:18
 78:11
frames (1) 57:18
franchise (3) 70:3,8,8
fraud (5) 71:3,11,15,23 81:17
fraudulent (2) 30:7 31:8
freeze (1) 69:7
front (2) 25:23 103:4
fulfillment (2) 67:5 68:14
full (1) 49:4
fulton (1) 112:4
furnish (1) 110:12
further (5) 16:17 58:18 80:9
 108:3 112:14

G

gather (1) 11:10
general (10) 6:15 19:13 29:3 34:
 4 66:11 78:10,23 89:19 93:19
 99:17
generally (4) 29:19 32:25 34:12
 46:11,13 49:10,14 52:7 83:24
 84:2 89:18 94:19 96:23 102:23
generated (4) 73:19,22 74:1,5
gentleman (1) 90:23
george (6) 15:9 28:14 32:2,8
 44:5 97:17
georgia (4) 1:16 2:16 110:3
 112:3
gets (2) 77:16 83:16
getting (5) 7:19 17:18,20 18:8
 25:12
gilmore (4) 35:4 97:18 99:11
 100:2
give (13) 22:1 42:16 57:10 62:9
 64:12 67:2,16 83:6 89:25 100:
 20,22 101:4 106:16
given (2) 110:8 112:12
glance (1) 80:15
got (15) 25:22 30:16 51:2 55:13
 58:3 66:14 68:6,13 72:3 93:12
 96:21 97:4 99:18 108:16 109:
 12
gotten (2) 76:23 96:19
group (5) 1:21 68:4 71:19,22
 82:5
gsm (2) 62:14,15
gte (75) 1:7 4:15 9:3 11:13 14:
 24 17:2,23 18:13,14 28:12 36:
 20 44:15,15 47:16 48:14 61:12
 67:4,10,24 68:13 70:6,8,9 75:4,
 8 76:4 79:8 81:9,14 83:13,16,
 21,25 84:1,16,17,23 86:2 88:
 14,14,19 89:3,11 90:16,21,24
 91:3,22 92:1,12,14 93:25 94:5
 95:2 96:6 96:5 102:20 104:7,11,
 17 105:1,3,5,8,14,16,20,24
 106:2,4,6,9,10 108:6
gtcc (2) 2:11 11:13 15:12,14
 28:13,17 29:23 30:10 32:1,13

33:21 34:14,16 35:13 44:8 51:5
75:2 98:3,4,11,16,17,19 99:8,9,
14 107:6,10,16
guarantee (1) 46:24
guess (3) 5:16 15:22 64:10 65:
19 71:11 109:8
guidelines (3) 87:24 88:3 89:19

H

half (1) 5:25
halfway (1) 8:18
hand (2) 20:8 53:10,14 54:12
57:1 60:11 76:4 107:6 108:6,13
109:7,8
handed (1) 9:2
handle (1) 51:1
handled (1) 52:10
handling (1) 50:15
handwritten (3) 52:25 64:17 68:
12 73:11 100:25 101:13
happen (3) 28:4 59:1,2
happened (5) 17:4 37:13 78:11
87:14 90:19
happening (1) 87:17
hard (1) 14:8
havens (2) 100:11,12
head (2) 43:18 99:13
heading (1) 107:5
headquarters (1) 63:1
held (2) 5:2 18:8
help (4) 13:10 48:22,22 86:5
hereby (2) 110:16 112:6
herself (1) 37:16
hi (1) 4:8
high (3) 9:15 13:3 41:15 44:1,4
51:9,13,14
higher-ups (1) 28:3
highest (1) 51:15
historical (3) 24:8 25:18 26:10
hold (6) 5:5,10 16:17,18 38:8
54:16
holding (1) 17:25
holdups (1) 85:5
hole (1) 17:19
homestead (1) 93:23
hours (1) 60:1
human (2) 11:15,21

I

I.d (3) 57:16 70:24 80:23 81:2,
19 95:6 96:4 105:11
idea (3) 37:23 93:12,17
identification (1) 57:17
identified (1) 92:11
identifier (1) 41:18
identifiers (1) 41:6
identify (4) 49:22 69:6 88:13 99:
2
identifying (3) 88:24 90:15 91:
21
illoc (1) 70:10
image (1) 88:9
impact (2) 48:17,20
implement (2) 20:1 37:25
implemented (2) 37:20 39:2
implementing (1) 20:16
in-charge (2) 6:24 13:4
in-franchise (1) 70:5
inaccurate (1) 30:7
inadequate (1) 48:5
inc (4) 1:21 18:6 96:9 102:20
incerting (1) 9:18
include (5) 10:2 16:9 57:15 61:
12 74:4
included (3) 35:11 66:12 109:1
includes (2) 98:21 104:7
including (1) 108:22
inclusive (1) 42:16
incoming (1) 36:14
incorporated (1) 86:13
independent (2) 27:9 61:17
independently (1) 29:13

index (1) 103:4
indicate (1) 61:4
indicated (1) 92:15
indicates (2) 93:22 107:15
indicating (1) 79:1
indication (1) 80:5
indications (1) 64:12
indirectly (1) 29:2
individual (1) 80:20
individuals (3) 80:22,25 98:4
information (4) 12:11 21:25 24:
8 29:8 42:12 68:5,12 78:16 83:
13 84:4 85:4,23 93:20 102:7
initial (1) 97:15
initiation (1) 1:6
inspection (7) 87:25 89:17 90:8
91:5,10 92:10 93:23
instances (2) 65:11,15
institute (1) 18:21
intended (1) 87:16
intentions (1) 27:4
interest (1) 37:8
interested (2) 10:20 112:18
internal (2) 4:25 5:17,18,22 6:
20 11:8 44:17,18 59:23 80:23,
24 97:6
interpret (1) 108:21
interviewed (1) 80:24
interviewing (1) 80:21
invalid (1) 22:23
investigate (2) 58:18 76:25
investigation (3) 22:17 62:14
71:20
investigations (1) 7:21
involve (2) 75:10,14
involved (3) 15:8 44:19 47:17
involes (2) 43:20 65:13
isn't (2) 38:19 73:17
issue (3) 48:10 50:13 58:16
issues (1) 100:23
item (7) 55:14,18 57:8 58:14 64:
17 74:4 106:7
items (1) 16:10 25:8 26:25 30:
14 54:25 55:14 64:21 65:22
103:5 104:8 106:5
itself (1) 17:10

J

jacket (2) 90:25 91:3
January (7) 61:7 63:11,11 70:12
83:14,20 86:11
job (4) 6:25 12:18 13:2,8
jody (1) 99:6
John (7) 23:23,24 24:1,3 26:2,3
100:12
jolene (1) 36:14
jr (1) 2:12
June (1) 48:25
justified (1) 11:25

K

karen (5) 7:16,22 33:22 34:6,22
36:7,8,19 44:22 45:5 76:23 77:
8,12,13 97:17
keep (2) 42:2 83:2
keeper (1) 68:7
key (2) 9:6 28:20 33:13,23 35:2
36:18 43:25 44:7 57:17 84:10,
12 97:16
kicked (4) 17:24 29:22 44:23
85:2
kln (1) 112:15
kind (2) 12:9 17:19 26:20 29:6
30:8,12 31:7 33:8,10 37:15,17
38:8 41:13,14 42:9 43:4 44:23
46:7 50:10 81:6 91:1 93:12
kinds (1) 20:12
knowledge (6) 35:23 36:1 37:
18,22 102:14 110:18
known (5) 21:6 30:14 31:3,5,8
knows (1) 31:6

L

l-a-j-a-r-a (1) 7:8
labeled (1) 107:2
lack (2) 51:17,18
larry (2) 7:5
language (2) 28:1 108:8
large (1) 30:1
larger (1) 49:20
larry (2) 45:9,10
last (5) 12:8 15:10 72:11 99:24
103:8
late (1) 63:11
later (2) 38:11 39:20
latter (1) 13:8
lawyer (1) 7:22
lays (1) 42:9
ld (4) 68:14 98:23 100:2,5
lead (3) 6:24 49:11,15,16,23 52:
2,5 79:24
leads (1) 40:22
least (5) 38:18 72:12 80:3 82:11
103:14
leave (4) 9:11,11 33:10 84:14
leaving (1) 62:1
led (1) 8:4
lee (1) 2:21
left (5) 12:12,20 14:19 84:13,16
legal (5) 2:22 6:14 7:15 44:10
45:23
legend (1) 107:24
legible (1) 101:19
legislature (1) 2:6
length (1) 31:25
less (2) 22:9,10
letter (2) 12:13 13:10,11,12,16,
20 14:6 18:18,18 19:25 32:15
38:14 40:10 45:24 47:6 48:3,8
70:16 98:2 100:15,16 102:10
letterhead (1) 98:19
letters (3) 23:7,16 25:5
level (2) 9:16 13:3
levels (2) 32:1 44:4
liaison (2) 100:3,9
license (1) 41:8
light (1) 91:1
likely (3) 81:16 82:10,13
limited (1) 31:5
line (1) 9:12 56:8 59:22 79:16,
17,17,18,19,19 107:4
lines (3) 79:15,25 98:15
list (2) 68:17 106:9
listed (1) 43:24 54:23 55:10 59:
7 63:8,22 72:11 82:5,9,12,13
99:18 100:10 103:5 105:20
106:5 110:20
listing (3) 54:17 68:20 99:20
lists (3) 53:5 65:11 104:8
little (1) 24:2 25:17 31:11 50:18
86:19 87:18 90:1 105:2 107:23
109:9
liz (3) 67:5 68:3,7,9,13 71:19,22
72:7
llp (1) 2:13
loa (4) 24:23 41:7 70:15,16
loas (1) 30:7
local (4) 1:9,9 70:7,10
location (3) 25:19 39:12 81:19
locations (1) 38:5
log (8) 53:9,17,18 54:11 56:25
60:10 61:17 66:1,3,3,9,15 67:3,
12 68:8 76:5,9 108:7
logical (1) 12:8
logistics (1) 42:10
logo (5) 89:4,11 90:24 91:3
104:18 105:1,2,8,12,14,16,24
106:2,4,9
logos (1) 106:6
logs (1) 66:10
long (7) 5:2,8,24 8:7 10:3,8 11:
9 47:7,16 48:14 90:16 91:22
92:12 98:21,23 100:5 106:10

look (23) 6:4 11:14 12:10 22:22
24:8 30:24 52:14,20 55:1 59:4,
9 61:21 64:5 77:5 78:4 89:7 93:
2 94:24 96:18,25 97:20 101:15
107:1
looked (10) 10:25 11:1 30:18
48:21 62:19 67:9 89:16 90:14,
20 94:22
looking (26) 8:25 9:6,7,9 10:15
40:19 58:13,14 62:13 67:18 68:
11 72:2 78:9,16 79:13 80:22
82:23 86:8,9 87:7,21 88:18,22
92:24,25 93:16
looks (11) 21:23 54:5 57:14 60:
18 63:19 75:15 84:7 85:24 94:
23 101:6 103:8
lot (4) 17:22 37:11 44:2 48:24
low (1) 51:13
lower (1) 19:13
lyons (1) 35:3

M

made (11) 9:1 11:20 13:13 18:21
25:6 38:11 48:14 71:16,18 81:
25 83:14
madison (1) 2:7
main (4) 9:4 15:12 16:20 30:15
mainly (1) 11:1
maintain (1) 44:3
maintained (1) 9:8
major (2) 34:19,22
man (1) 18:15
manager (5) 4:25 5:3 12:18 13:
2 99:17
managers (1) 66:12
manner (1) 52:10
manual (7) 95:1,14,21,23,24 96:
1 102:21
manuals (2) 94:23 102:24
many (2) 11:9 107:19
march (7) 75:8,17,22 83:15,20
98:25 107:7
mark (7) 12:13 14:5 15:8 36:16
73:14 77:12,13
marked (1) 3:17
marker (1) 61:2
market (1) 11:10
markets (3) 11:11 96:10 98:3,8,
9,12,14,17
marks (2) 60:3 72:15
marotte (1) 1:21
massive (1) 30:23
master's (3) 5:12,14 6:1
match (1) 84:11
matched (1) 24:25
material (1) 102:25
materials (7) 12:4,7 43:9 100:20
103:20 105:13 106:3
math (1) 75:15
matter (1) 102:4
mean (34) 16:1 26:16 27:25 29:
22 31:2 35:1 36:6,13 40:18 41:
12 43:23 45:18 46:13,18 51:4
57:8 58:9,12 61:8,9 63:4 68:22
70:4,9,13 73:2 74:10 79:13 81:
11 85:14 86:9,11 90:20 109:8
meaning (4) 33:22 44:1 76:1 79:
16
means (3) 64:20 70:5,25 71:11
75:13 80:6 82:19 94:5 96:5
measurement (1) 11:8
medium (1) 51:13
meeting (4) 13:25 14:3,4,15,22
15:7,20 16:16 17:5,11 30:1,13
31:23 34:20
meetings (8) 13:19,24 14:10,
12,14,16 16:11 33:3,20,24 34:
1,3,7,10,17 35:10 40:8 45:2
members (2) 13:6 46:6
memo (2) 6:14 42:7,21 43:3,9,
10 46:22 49:11,15,16,24 52:2,
6,8 79:5,9,24 80:4 81:12 83:18

99:20
 mention (1) 31:22
 mentioned (1) 4:17 17:13 22:7
 27:13 28:14 35:15 36:6 44:6,9
 metric (1) 59:23
 metrics (1) 11:8
 miami (2) 91:16 92:8
 michael (1) 35:3
 mid (1) 69:1
 middle (1) 18:15 45:21 82:17
 might (2) 13:13 33:9
 mine (2) 29:13 96:18
 minimal (1) 45:18
 minimize (1) 26:19
 minor (1) 5:17
 minute (2) 57:10 62:9
 minutes (1) 106:17
 mirror (1) 19:8
 miss (2) 33:16 84:6
 missing (1) 84:4
 misunderstood (1) 33:16
 modean (1) 36:14
 monitoring (1) 11:7
 monthly (1) 108:25
 months (4) 5:4 38:3,19 83:14
 morning (1) 4:8
 most (1) 64:7
 mostly (1) 80:3
 move (1) 82:15
 much (3) 30:24 64:11 106:13
 multiple (1) 51:3
 must (3) 95:2,5 96:19
 myself (5) 14:5 15:8 62:7 64:15
 83:7
 mystery (2) 39:5,10,13 86:20
 87:7,7,15,25 88:3,6 89:7,16 90:
 7 92:8,23,25 93:3,7,11 94:10
 95:9 96:2 104:13 105:18

N

n.e (1) 1:22
 nadine (1) 69:7
 name (2) 4:8,11,12 15:5,10 23:
 9,10,11 24:1 26:5 35:3 37:12
 69:18 84:11 89:3,4 91:25 92:1,
 13,14 93:24,25 94:3,4,5 96:4,5
 100:14
 named (1) 97:17
 names (2) 34:11 43:24
 narrative (2) 82:21,24
 nation-wide (1) 38:2
 nationsbank (1) 5:23
 nature (4) 23:11 33:8 56:19 77:1
 necessary (2) 99:23 110:11
 need (2) 44:3 101:15
 needed (3) 26:22 29:15 37:14
 negatively (1) 35:21
 net (1) 85:10
 network (3) 18:6 67:4 68:14
 never (6) 37:20 39:1 85:11,15
 86:7,7
 new (5) 41:19,20 45:15,19 86:17
 next (1) 9:14,20 50:8 51:7 54:7,
 9 58:10,25 65:9 66:18 70:1,12
 71:3 74:20 78:1,3 82:13 94:14
 107:23
 nine (1) 84:7
 nods (1) 43:18
 non-escalated (3) 75:1,4 76:10
 non-regulatory (1) 34:24
 none (1) 3:17
 nor (1) 112:17
 normal (1) 33:6
 north (2) 7:9 74:25
 note (4) 43:17 68:13 101:14,20
 notes (2) 100:25 101:13
 noteworthy (1) 41:16
 nothing (1) 9:17
 november (4) 1:3,17 15:23 38:7
 number (3) 7:1,19 30:23 37:10,
 13 40:12 41:7,8 43:20 52:14
 55:4,8,9,14 57:18 64:19 69:21

82:4 84:6,9,12 85:7,8,10,10 86:
 12,13,14 94:1 96:15 107:5,10,
 15 108:1,9
 numbers (6) 42:17 55:10 63:8
 78:19 86:18 103:10
 numerous (1) 84:2

O

oak (1) 2:23
 objection (1) 21:18
 objections (2) 4:18,18
 objective (1) 52:8
 observation (1) 33:10
 obtained (1) 103:20
 occur (1) 7:13
 occurred (3) 15:6 25:19 57:21
 occurring (2) 8:3 11:25
 office (2) 2:5 4:9
 offices (1) 104:15
 offshoot (1) 17:12
 of _____,2000 (1) 112:
 21
 okay (6) 6:9 8:24 10:23 14:12
 25:3 27:13 40:11 42:2 43:18,19
 46:25 51:14 53:4,4,12 55:16
 56:10 57:6,14 59:13 61:11 62:4
 65:5 66:16 70:23 73:4 74:10,
 21,24 76:12,14 77:19 78:3,6
 81:10 82:15 83:6,9 85:20,21
 86:19 87:21,22,23 89:15,23 91:
 4,25 92:21 93:3 94:13 97:10
 99:10 100:5,11 102:13 103:12
 104:16 106:12,18
 old (1) 86:17
 once (1) 14:14
 one (8) 2:14 8:5,8,8 9:14,20
 11:16 12:8 14:4,10 15:7 16:10,
 22 18:20,25 23:1 25:8 26:16,16
 28:7 30:3,13,15 34:8 39:17 41:
 6,24 42:23 44:6 47:3,21 54:3,6
 55:4,13,18 56:6,7 57:19 58:10,
 11 61:10 62:5,22 64:9,12,21
 65:8 69:7 73:2 74:19,21 75:17
 76:3 77:16 78:24 79:22 81:21
 83:17 84:5,6,19,22 86:1,3 87:5
 88:12,17,21 90:13 91:16 94:20
 95:15,18 96:14,17 98:12 99:19
 100:8 101:24 102:18 103:16,20
 105:17,20 108:22
 ones (1) 8:9 22:24 27:5 34:20
 36:5 61:13,22 67:8 78:4 82:12
 only (6) 20:17 24:23 33:21 41:
 19,20 50:10 54:3 56:14 57:3
 61:9,13 68:17 76:20,21 83:16
 98:16
 oof (1) 70:1
 operating (1) 104:4
 operations (1) 44:16
 opinion (8) 22:1,12 28:25 48:4,
 8,9,10,13
 opinions (1) 33:2
 opposed (2) 22:23 67:10
 order (1) 8:24 9:2,23,24,24 11:
 2 24:7 26:2 50:9 84:21 85:3,5
 96:20
 orders (2) 9:5,10 11:9,10 17:18
 18:7,10,12,13,22 40:16 41:5
 76:22,22,24 77:3,20,22 78:12
 79:3,11 80:13 81:1,17 85:1 86:
 2,17
 organization (2) 36:13 100:13
 organized (1) 90:1
 original (4) 13:15 58:13 97:8
 102:2
 originally (1) 103:15
 originated (1) 85:3
 other (4) 7:13 8:6 10:24 13:6
 14:9,10,23 15:3 17:9,10 19:8,
 10 25:15 35:3,25 36:3,5 38:24,
 25 39:21,22 40:1,2 46:5 53:3
 59:9 61:10 64:4,5,13 78:16 80:
 21 81:21 84:24 85:5,10,22 91:

13 93:18,18 99:19 106:5 108:
 14 109:2
 others (4) 8:10 15:2 33:4 64:5
 otherwise (2) 73:7 85:6
 ourselves (3) 18:16 29:5 93:13
 out (1) 16:10 17:24 26:4 30:23
 38:4,9 42:8,9 45:24 46:13 50:9
 56:5 63:20 70:3,8 96:20 101:
 16,17
 outside (3) 36:17 70:11 93:11
 oval (1) 105:3
 over (3) 20:8 28:18 32:11
 overall (1) 33:1
 overview (1) 9:16
 owens (3) 98:2,7 102:9

P

p.m (1) 109:16
 page (7) 3:7 6:5 8:17 18:17,18
 19:17 40:9,10,13,18,19,21,22,
 24 41:22 43:13 47:3 48:2 49:3,
 9 50:4,12 51:7,25 53:22 54:1,6,
 7,8 55:2 56:22 59:10 60:6 62:1,
 8 64:18,24 65:9,23 66:16 71:14
 72:16 73:11 74:18 76:13,18 77:
 6 79:6 81:13 82:16,18,21,24
 83:1,2,11 85:18 86:23 88:5,5
 89:20,24 91:4 92:7,18 95:17
 96:12 97:22 101:1 102:17,22
 103:2,22,24 104:5 112:10
 paged (1) 51:8
 pages (1) 47:7 49:22,23,24 60:
 7,7 66:20 71:21 78:3 91:8,9
 110:11 112:11
 page _____ should (1)
 110:22,24 111:1,3,5,7,9,11,13,
 15,17
 paid (1) 83:16
 pants (1) 89:10
 paper (6) 24:5,21 26:9 27:11
 49:17 72:16
 papers (4) 52:23 100:17 101:25
 102:24
 paperwork (2) 20:14 22:13
 parker (1) 8:15 13:20 14:5,10,
 11,15,22 31:14 32:7,15 35:5,15
 36:2 37:16 38:15 44:9,22 45:6
 part (2) 8:22 10:23,24 15:21,25
 18:21 25:4 33:6,19 39:4 40:6
 47:23 48:1 49:20 62:19 78:9
 87:10 88:9 91:13 94:21 95:10
 100:16 103:12,14
 particular (6) 37:8 93:14 107:
 11,17 108:2,10
 parties (2) 112:15,17
 pass (1) 18:10
 passed (1) 22:13
 past (1) 25:15
 payments (1) 83:13
 peachtree (1) 2:15
 pending (2) 27:17,20
 people (2) 7:1 8:3 27:3 28:3
 30:2 31:25 33:4 36:12 44:2 51:
 4 63:22 81:2 88:18 91:13 93:18
 97:17 99:1,3 100:8 105:24
 per (1) 21:15
 percent (3) 36:22 41:5 57:23
 65:20 75:20 76:8,10 83:20 85:9
 percentage (1) 75:24
 performance (3) 11:7 95:25 96:
 11
 performed (5) 6:18 39:4,7 59:7
 92:25
 performing (1) 13:7
 period (5) 21:13 26:23 41:21
 61:6 83:19
 person (8) 12:22 24:16 35:3 36:
 16 45:14 91:6,10 99:24
 person's (3) 10:16 69:18,21
 personal (1) 23:18
 personally (2) 45:3 47:17
 personnel (6) 32:13 33:13 59:

21,25 63:1 81:14
 persons (3) 10:10 14:24 36:3
 phone (5) 20:8 30:10,11 57:18
 70:7
 phones (2) 20:5,11
 photostatic (1) 25:22
 pic (1) 84:17
 pick (1) 54:18
 picture (1) 105:3
 piece (3) 24:5,21 26:9 27:11 49:
 18 51:5,6 74:9 109:9
 pieces (1) 28:7
 pinpoint (1) 81:20
 place (7) 9:24 10:1 41:20 43:17
 50:15 53:23 86:1
 places (6) 9:12 51:4 79:2 85:1
 93:14 96:22
 plain (2) 28:1 89:11
 plainly (1) 10:19
 plan (7) 16:8 58:10,14,21,25 62:
 15 81:1
 planning (1) 15:21 16:1,11 42:
 7,12,21 43:3,9,10 46:22 48:1
 97:8 99:20 100:20 102:7 103:
 16
 plans (8) 9:15,16,18 62:25 66:
 13 79:15,18,25
 play (1) 45:17
 player (1) 34:22
 players (1) 28:20 34:19 35:2
 36:18 43:20,21,23,25,25 44:6
 97:16
 please (3) 4:11 11:6 57:10 62:
 8,9 67:2 77:24 78:5 87:24 104:
 16 107:2 110:10,12
 point (2) 8:1 9:1,2,4 14:18 15:
 12 16:22 19:6,14 21:12 25:25
 28:18 37:4 44:14,16 45:12 50:
 21,25 54:15 58:6 68:11 76:19
 80:1 98:10,24 103:11
 pointing (1) 53:2
 points (4) 8:5 29:5,6,10
 policies (2) 102:20 103:18
 policy (3) 103:24 104:1 105:19
 portion (2) 62:16 65:1
 position (6) 4:24 5:2,5 7:2 12:
 20 36:23
 positions (1) 99:3
 positive (1) 31:18
 positively (1) 35:25
 possible (1) 25:6
 possibly (1) 108:22
 post (2) 67:5 68:14
 practice (2) 19:7 51:12
 practices (2) 12:6 51:19
 pre-planning (1) 30:13
 preceding (1) 112:11
 preliminarily (1) 97:12
 preliminary (2) 48:24 97:5
 prepare (2) 29:24 42:8
 prepared (4) 43:11 71:24 74:24
 90:4
 presence (1) 24:22
 present (3) 14:3,23 16:8
 presented (1) 13:25
 president (5) 28:16,17 98:3,7,
 17
 previous (2) 107:20 108:14
 primarily (3) 13:11 33:23 98:13
 primary (3) 32:2 39:10 70:10
 privilege (1) 14:18
 privy (1) 21:24
 probably (6) 15:23 23:18 30:24
 36:10 72:22 103:9
 problem (2) 30:14,19,20 31:2
 41:13 46:12 50:19 51:3 80:19
 81:15,20 82:1
 problems (4) 29:14,18,20 84:22
 procedure (1) 110:3
 procedures (2) 102:21 103:18
 proceeding (1) 1:6
 process (2) 18:1,9,11 19:5,20
 20:17,22 22:11,12 30:22 33:6,

Deposition of Wayne Weaver, 11-29-2000, The Marotte Group, Inc.

17 38:1 40:7 48:1,22 50:14 85:4 95:19 104:4
processed (b) 17:21,24 58:3 79:24 81:1 84:15
processes (b) 9:22 10:1 40:1 41:17,19,20
processing (b) 8:24 9:23 11:2 17:22 57:19 84:8
professionalism (b) 5:10
professionalism (b) 44:4
profile (b) 44:2
program (b) 87:6
promotional (b) 105:13 106:3
proper (b) 9:7
properly (b) 52:10
provided (b) 44:25 72:6 73:23 102:10
provider (b) 1:10
provides (b) 83:12
public (b) 1:1 2:5,19 4:9
pulls (b) 96:22
purported (b) 24:17
purportedly (b) 57:21,22 79:4
purpose (b) 39:8,10 76:2 90:11
purposes (b) 108:5
pursuant (b) 110:2
put (b) 14:16 16:18 38:8 45:20 66:15 74:7 97:7
puzzling (b) 109:9

Q

qa (b) 59:3,3
quality (b) 9:20,24
question (b) 4:19 10:6,18 22:20 67:19,21 92:3,5
questions (b) 27:6 106:15,17,23 112:8
quotes (b) 43:21

R

r-1 (b) 79:17,18
raised (b) 11:17 17:17
range (b) 49:4
ranks (b) 25:21
rate (b) 41:14,15 85:9
read (b) 57:7 77:24,25 81:11,12 101:3,12,20,21 108:8 109:13 110:16,22,24 111:1,3,5,7,9,11,13,15,17
reading (b) 66:21 75:12 78:10 80:9,17
realized (b) 30:4
really (b) 9:18 11:8 30:16 36:25 48:20 50:1,10 64:2 70:21 80:20 85:13 101:17
reason (b) 16:20 38:25 110:23,25 111:2,4,6,8,10,12,14,16,18
reasonable (b) 24:24 74:3
reasons (b) 17:23 84:3 110:7
recall (b) 19:12 23:13 34:6 36:3 46:20 106:6
recalling (b) 14:4
receive (b) 6:1
received (b) 56:12 61:5,12,14,20 62:17 63:15 65:1,17 67:10,15,24 68:1,3 69:11,13 72:12 75:22,24 107:10,16
receiving (b) 75:4
recess (b) 74:15 106:19
recognize (b) 6:10 42:4 47:10 49:8 52:5 76:15 89:24 94:17,19 97:1,23 100:14 102:21
recollection (b) 34:4 98:20
recollections (b) 78:11
recommend (b) 19:19
recommendation (b) 19:3 20:2,16 21:4 22:3 29:9,11 31:17 32:22 35:7,9,16,19,22 36:4 37:19 38:11 39:1 46:15
recommendations (b) 18:20,25 46:8
recommending (b) 20:24,25

record (b) 20:10 69:15 106:20
recycled (b) 85:2,16 86:13
reduced (b) 112:9
reference (b) 48:21 49:1 59:6 62:22 84:17,18 102:25
referenced (b) 52:19 60:1 93:14
referencing (b) 53:3
referred (b) 53:22
referring (b) 19:25 63:3
refers (b) 69:10 108:9
reflected (b) 76:18
regarding (b) 83:13
region (b) 63:22 70:11
regions (b) 19:8
regular (b) 112:16
regulations (b) 12:5
regulatory (b) 7:15,23,24 11:17 27:3 29:23 30:11 31:25 33:4,22 34:15,23 35:14 37:2,5,5,6 100:23
rejected (b) 81:4 84:3
rejects (b) 86:2,12
relate (b) 54:13
related (b) 6:16 7:19 17:14 20:15 98:4 100:23,24 102:4
relating (b) 16:13 61:22
relationship (b) 8:14 16:20 27:22,23 28:11,22 29:4,16 37:25 38:10,17
remaining (b) 46:5
remember (b) 23:5 29:11 33:2 36:11,12 40:3 45:1,20 46:10,17 56:16,17,20 60:23 61:18 63:18 64:2,8 76:19 79:22 91:2 101:24 102:12 105:11,17
rep (b) 57:16 58:17 81:16,19 89:3,10
repeat (b) 67:19
report (b) 11:13 14:2 17:13 31:24 32:3,6 33:11 35:11 46:12,19 47:15,25 48:11 60:23 61:1 62:13 63:2,3 69:4 73:19,22 91:5
reported (b) 12:22 44:18 87:13 112:7
reporting (b) 9:21 11:12
represent (b) 58:6 70:20 88:19 112:11
representation (b) 103:25 104:1
representative (b) 34:13,14,15 90:15 91:20,22 92:11 94:3
representatives (b) 34:17 88:14 90:14 92:12
represented (b) 90:21
represents (b) 74:23
reprocessed (b) 86:10
reps (b) 20:4
request (b) 7:15,16,17,18 58:2,3 103:17
requested (b) 33:20
required (b) 27:18 57:15,25
research (b) 77:2
reserved (b) 4:20
residential (b) 76:21 79:15,17,25 82:1 98:13,15
resolution (b) 9:21 51:18
resolve (b) 59:21,25
resolved (b) 51:2
resources (b) 11:15,22 31:5
respect (b) 17:3 44:13 57:8 81:25 103:25
respond (b) 35:21,24
responded (b) 35:16,18
response (b) 27:13 31:16 32:21 46:9,20 71:6
responsibilities (b) 12:25
responsibility (b) 104:6
responsible (b) 28:9
rest (b) 101:12,16
restrictions (b) 26:17,21
resubmitted (b) 84:25
result (b) 51:18 81:4 112:18
results (b) 6:20 14:1,23 21:3,7

28:5 40:4,15,25 41:1 44:24 74:25 80:10 81:24 93:6 102:10
return (b) 31:11
returned (b) 62:15
review (b) 6:17 8:19,22 10:23,24 16:23 30:15 33:7 43:20 45:22 47:24 86:21
reviewed (b) 13:12 47:25 94:21 103:14
reviewing (b) 93:6,21
reviews (b) 57:13
right-hand (b) 60:4
risk (b) 31:3,4,5,8 51:9,10,11,15,23
risk-based (b) 16:3
riskier (b) 16:5
role (b) 6:23 13:3 44:13 45:17 46:14
rolled (b) 38:4 98:24
room (b) 2:7
root (b) 81:3
roughly (b) 77:20
rule (b) 1:9 110:2
rules (b) 12:21 110:3
russell (b) 2:12

S

sale (b) 21:15 83:25 84:3
sales (b) 8:24 9:14,16,17 11:2,18 12:5 17:3,8 19:21 20:4,6,18 22:23 26:1 30:5,8,13,18,24 31:9,10 38:18,21 39:6,12 40:16 41:11 51:19 59:24 66:12 67:5 68:14 83:17,21 87:12 88:13 89:2,9 95:2 98:13 99:7,12 100:13 106:7
salespeople (b) 9:18 39:15
salesperson (b) 25:21
same (b) 8:10 14:7 35:12 42:15 60:16,19 85:23 95:23 110:12
sample (b) 54:19,20,22,24 55:1 69:1
satisfied (b) 11:25
saw (b) 87:13 90:20 104:14 105:7
saying (b) 23:20 26:7,18 69:2 108:20
says (b) 8:18 19:19 26:2 41:4 43:17,19 48:3 49:11 51:9,17 58:11 59:20 60:4 61:3 68:13 69:11,23 70:1 75:20,23 79:6,9 81:13 88:16 89:2,9 95:1,14 96:2 101:5,17 104:2,6 105:19 107:18 108:12 109:6
scope (b) 8:18 15:18 48:5 80:22 97:6
scores (b) 53:20
scratching (b) 101:6
second (b) 42:23 60:15 67:2,17 83:6 89:2,25 104:20
section (b) 52:2 56:24
secure (b) 22:11
security (b) 12:9 41:7
see (b) 7:9 10:15 19:15,22 23:12,21,22 24:11 26:2,3,4 35:11 43:19 50:7,16 52:25 55:11 59:16,20 61:9,21 63:5 65:18 67:14 71:3 73:1 76:4 81:12 82:7 90:14 95:12 96:23 100:25 101:14 103:3 106:3 107:14
seeing (b) 25:17 75:3 93:18,19 106:6
seem (b) 78:17
seen (b) 20:21 21:22 45:23 94:18 105:23 106:2
segment (b) 18:12 98:22
segments (b) 16:6
selected (b) 64:21 65:25
selection (b) 1:10
selling (b) 8:7 78:14 79:12
semantics (b) 25:13
send (b) 26:7 63:20

sending (b) 75:5 109:3
senior (b) 5:7
sent (b) 14:6 45:24 62:14,25 66:11 67:4 75:1,2,8 77:13 83:21,25 99:2 107:6,18,21 108:2,9,11,24
series (b) 39:5 74:20 104:8
service (b) 1:1 2:19 6:17 70:7
services (b) 2:22 6:17 16:14 67:5 68:14 70:10 96:9
set (b) 46:25 50:8 66:19 106:11
setting (b) 102:5
seven (b) 55:14,16
seventh (b) 104:5
several (b) 20:5 28:19 38:3 77:10 79:2 82:8 96:21
shall (b) 110:6
she's (b) 7:23
sheet (b) 92:16 110:13
shirt (b) 89:11,11 90:24,25 91:3 95:3 105:15
shirts (b) 105:21 106:1
shop (b) 104:13 105:18
shopper (b) 86:20 87:25 88:3,6 89:7,16 90:7 92:8 93:7 94:10 95:9 96:3
shoppers (b) 39:5,13 87:8 92:23
shopping (b) 93:4
shops (b) 39:11 87:15 92:25 93:11
short (b) 26:23 34:5 41:21 74:12,14
shot (b) 101:4
shouldn't (b) 78:13,14,24
show (b) 1:6 17:23 53:1 75:7 103:4 104:11 107:19
showing (b) 85:22
shown (b) 65:23 104:10
shows (b) 58:8 60:23 61:1 62:8 64:15,25 83:11,19 86:1 107:20
shumard (b) 2:23
side (b) 11:18 22:8 26:17,18,21 30:8 34:23 24,25 42:3 59:4 60:4 81:8,9 99:14 101:1
sign (b) 24:21 26:9 27:10
signature (b) 10:14,16 11:20 23:23 24:3,4,16,20 25:11 26:8,11,12 111:21
signatures (b) 10:3,7,9,21 23:3,5,14,16 24:11,15,25 25:4,7 27:10
signed (b) 11:3 12:13 13:13,18 26:4 70:14,15 74:7
significant (b) 81:19
signing (b) 77:3 80:14
signs (b) 24:1
simplistic (b) 84:19
simply (b) 76:3 81:24
sir (b) 59:12
sitting (b) 25:23
six (b) 8:17,21 38:19 55:12
skip (b) 87:18
skyland (b) 1:22
slam (b) 9:19 80:6 82:10,10,13
slammed (b) 53:16 79:7
slamming (b) 8:2 19:9 22:10 56:19 61:13 79:2
slams (b) 7:20 80:3
slash (b) 101:6
slight (b) 75:23
small (b) 32:4 76:22,24 77:2 80:13 98:15 104:17 105:12 106:4
smith (b) 7:16,22 12:14 13:12 14:5 15:8 33:23 34:6,22 36:7,8,16,19 44:22 45:5 67:6 68:7,9,13 71:19 72:7 76:23 77:8,12,12,13,13,14 97:17
smith's (b) 68:4 71:22
snapshot (b) 68:21
snyder (b) 6:16 8:3,5,8,11,13 9:2,8,11 11:12,18 16:13,18,21,24 17:3,8,17 18:10,12,16,22

19:19 20:18 22:18 23:2 24:10
 26:18 27:2,23,24 28:11,25 29:
 4,14,19,24 30:10,20,24 33:21
 34:14 35:12 36:9 37:9,25 38:
 10,17,21 39:5,12,23,25 40:5,7,
 16 47:21,23 48:13,18 50:16 51:
 5 53:10,14,15 54:12,17 56:12
 57:1 58:15 59:23 60:11 61:5,
 14,20 62:17 63:1,15 65:1,17
 67:4,10,15,23 68:1 72:3 75:2,3,
 8,24 76:21 77:4,21 78:13,25
 79:11 81:8,14,18 83:14,16,21
 84:1 85:2 86:2 87:12 88:12,18,
 19,25 91:21 93:4,24 95:24 96:
 3 9 99:13 100:3,9,24 102:4,19,
 24 103:19 104:10,14 105:10,
 15,24 107:6,18 108:2,10,25
snyder's [6] 21:23 37:12 76:5,9
 104:6 108:7
social [1] 41:7
sold [4] 78:25 79:14,18,19
somebody [9] 35:12,12,13 36:
 6,8 71:19 81:8,9 93:10
someone [6] 11:18 14:13 39:13
 58:17 59:4 67:4
someplace [1] 99:18
somewhere [3] 32:18 72:19 73:
 18
sorry [13] 4:22 37:1 62:2 64:13
 65:20 67:19 89:22 95:21 100:1
 104:23 105:5,7 107:22
sort [2] 9:25 20:16
sounds [1] 33:1
source [3] 49:1 52:13 68:12
sources [2] 7:20 50:25
span [1] 34:5
speaking [2] 34:12 89:18
special [1] 43:17
specific [2] 49:18 72:9
specifically [13] 34:18 36:11 37:
 7 46:10,18,21 56:18 60:24 61:
 18 63:19 64:3,9,10 88:23 102:
 12 104:3 107:13 109:10
specifics [1] 104:12
speculate [3] 36:9 70:21 71:1
speculation [1] 21:19
spell [1] 7:6
spelled [1] 26:4
spend [1] 31:4
spoke [1] 81:2
spouse's [1] 23:10
staff [1] 13:6
stamp [6] 42:22 60:8 69:15 74:
 17 78:1 79:24
stamped [2] 6:5 40:10 43:13
 47:2,8 49:3,9 51:8 54:8 55:2
 76:13,18 77:6 81:22 82:16 92:
 17 94:15 95:17 97:1 103:2,21
stamps [2] 43:2 50:8
stand [4] 18:4 55:7 70:2 101:9
standard [2] 105:8,9
standardized [1] 50:14
standards [1] 11:12
standpoint [4] 11:22 30:5 36:17
 84:18
stands [1] 70:16
start [3] 9:10 68:22 86:23
started [3] 7:14 30:16,17
starting [2] 62:13 66:1
starts [5] 53:24 69:8 77:11 101:
 5 102:17
state [8] 2:3 4:11 29:19 42:6 79:
 23 82:8,13 112:3
stated [1] 112:7
statement [1] 110:7
states [2] 50:13 88:23
statistics [2] 19:12,15
status [2] 33:20,24
staying [1] 42:12
step [1] 59:5
steps [1] 59:5
steve [1] 101:7
still [2] 36:20 102:1

stop [2] 86:24 103:1
stopped [1] 43:7
street [2] 2:7,15
strength [1] 23:7
structure [1] 21:23
stuck [1] 17:19
study [1] 22:4
stuff [3] 38:8 78:19 94:11
style [1] 89:10
subject [1] 102:4
subpart [1] 64:25
subpoints [1] 53:5
subsection [1] 56:11
subsections [1] 52:14
subsequent [3] 14:21 38:9 43:2
subsequently [1] 27:7
substance [2] 77:17 110:5
substantive [2] 40:16 41:1
summarization [1] 63:2
summarize [1] 6:19
summary [6] 52:24 53:7,20,23
 54:2 85:24
supervising [1] 13:6
supplemental [1] 110:11
support [3] 43:3 52:18 62:12
supporting [3] 42:25 43:8 52:18
 62:5,24 65:6 66:9,10
supposed [8] 11:12 41:18 53:
 18 59:1 77:21 79:12 95:14 103:
 19
susan [2] 7:9 74:25
suspect [1] 23:15
suspected [1] 24:9
suspicious [1] 23:18
swilley [1] 112:25
switch [2] 57:21 86:19
switches [2] 75:11,14
switching [16] 53:10,13 54:12
 57:1,4 58:21 60:11 61:6 63:15,
 25 64:6,8 65:2,16 66:4 84:15
sworn [1] 4:4
system [3] 12:8 84:10,18
systematic [1] 85:6
systems [3] 12:10 18:14,15

T

tab [1] 103:8
table [3] 82:17 83:12 103:5
tag [7] 89:3 92:1,13 93:24 94:3
 96:4,5
talked [4] 36:9,13 46:6 90:22
talks [2] 80:23 107:5
tallahassee [2] 2:8,24
team [3] 34:12 36:17 73:23
ted [5] 35:4 97:18 99:11,25 100:
 2
tedious [1] 74:11
telemarketers [1] 102:5
telemarketing [1] 8:6
telephone [1] 2:9,17,25 11:4
 44:15 55:8 64:19 69:21 84:5,9,
 12
tells [1] 61:10
tenth [1] 69:7
term [2] 23:13 43:21
terminate [3] 28:10,25 29:16
terminated [4] 28:22 38:18,20,
 22
terminating [1] 17:2
test [19] 13:7 23:20 40:16 52:24
 53:7,20,23 54:2 58:7 59:5 65:7
 67:13,25 72:2 74:25 76:2 78:8
 80:20 81:25
tested [8] 23:22 25:8,10 60:5
 65:3,23,25 76:18
testified [1] 4:5
testimony [5] 1:14 106:25 109:
 14 110:6 112:12
testing [2] 19:4 23:12 25:24 48:
 23 49:18,18 54:19 64:22 68:18
 69:3 74:9 108:5
tests [4] 41:1 59:6 80:12 95:15

themselves [8] 88:13,19,24 90:
 15,21 91:21 92:12 93:4
there's [16] 22:21 26:11 51:8 61:
 2 68:22 73:1,2 75:23 77:10 81:
 21 82:24 88:6 101:5 104:5,25
 107:23
therefore [1] 44:3
thereto [1] 112:9
thereupon [2] 4:2 109:15
they've [1] 85:14
thinking [2] 31:7 57:5
third [2] 88:5 89:9
third-party [12] 11:4 18:22 20:7,
 7,10 21:16 22:15 31:12 32:22
 35:7 37:19 46:16
thomas [1] 6:15
though [1] 65:21
three [6] 47:7 63:7,7 65:11 66:
 20 71:21
throughout [2] 16:2 33:14
throw [2] 16:10 84:8
thumb [1] 43:5
tick [1] 60:3
tie [1] 65:22
tight [2] 27:14,18
timberlake [1] 7:5
timely [1] 52:10
title [6] 7:25 15:17 99:15,21
 100:4,14
tke [2] 101:6,9
today [1] 58:9
together [5] 30:12 37:16 50:2,
 11 97:7
toll [2] 1:10,10
tom [6] 14:5,15 37:16 44:9,22
 45:5
took [6] 54:24 59:20 68:21 69:1
 71:20,25
tool [1] 48:21
top [1] 36:15 45:14 49:11 50:4
 51:7 52:25 61:2 72:15 74:20
 77:11 104:2
topics [2] 86:19 94:8
total [1] 86:16
toward [1] 48:3
towards [1] 53:2
tpb [1] 19:5
trace [2] 76:3,4
traced [1] 108:7
tracing [1] 75:1
track [1] 51:24
trained [1] 12:4
training [12] 11:14 12:2,3,7 20:
 14 94:22 95:1,13,20,24,25 96:
 10
trans [1] 57:15
transaction [4] 25:19 57:20 63:
 10 65:12
transcript [1] 112:12
trend [1] 81:17
trends [1] 81:19
tried [1] 81:3
true [4] 23:21 37:21 110:18 112:
 11
try [4] 24:15 25:16 65:22 106:24
trying [6] 26:13 28:15 31:6 62:
 21 64:14 95:12
tum [5] 18:17 40:9 41:22 43:13
 16 49:2 51:25 66:16 74:17 76:
 12 82:16 89:20 96:12 97:22
 102:16
two [14] 5:25 24:25 25:14 34:3
 49:23,24 50:1,10 53:1,2 78:3
 79:1 91:8 95:8
two-page [1] 91:5
type [1] 104:9
typed [1] 42:24
typical [3] 15:21,25 48:9
typically [1] 13:2
typo [1] 75:25

U

ultimately [1] 44:18
unacceptable [1] 85:9
unauthorized [17] 53:10,13 54:
 11 56:15,25 57:4 58:21 60:11
 61:6 63:15,25 64:6 65:2,16 66:
 4 75:11,14
under [11] 14:19,19 19:16 50:13
 52:13 56:24 71:6 104:4,5 105:
 20 112:10
underneath [2] 98:24 107:5
undersigned [1] 110:15
understand [6] 10:6 22:20 48:
 22 63:6 64:14,25
understanding [6] 18:9 63:23
 67:11 93:20 100:21,22
undertaken [1] 21:1
unethical [1] 51:19
units [2] 16:4 98:12
unknown [2] 39:14 81:15
unless [1] 24:20
until [1] 12:12
untimely [1] 51:18
unusual [1] 41:14
up [23] 11:20 17:23,25 18:8 25:
 12,21 27:5 38:4 44:18 52:24
 61:2 63:1,22 66:9 84:11 90:22
 98:11,24 102:6 103:4,6 106:11
 108:17
usage [2] 20:12 104:7
using [1] 19:20

V

valid [2] 10:14 22:23
various [7] 7:20 17:23 33:4 50:
 24 51:9,10 80:25
verification [3] 18:22 21:16 22:
 16 27:9 31:13 32:22 35:8 37:20
 46:16
verified [1] 59:15
verifier [4] 11:5 20:7,8,10
verify [3] 19:20 25:25 26:1
verizon [6] 4:14,24 5:8,19 8:14
 36:20
versa [1] 84:7
versus [2] 79:17 82:1
vice [1] 84:7
vice-president [5] 15:11,13 36:
 15 37:2 99:16
violation [1] 1:8
visible [1] 95:5
vp [2] 37:3 99:16
vp/gm [2] 99:14 100:2

W

w-l-e-s-k-o-p-f [1] 15:10
walk-in [1] 78:18
wanted [14] 7:21 9:15 11:2,14,
 15,24 12:3 28:4 29:3,6 30:18
 61:19 76:25 78:4
wants [2] 104:22 109:13
warning [1] 58:16
warning/invest [1] 58:11
watching [1] 44:3
way [4] 23:24 24:19,23 26:11,
 14 29:17 35:24 44:19 52:22 61:
 10 64:12 76:9 103:6 112:18
wayne [5] 1:15 3:4 4:3,12 110:
 15
weaknesses [1] 30:6
wear [4] 95:2,5 105:15,24
wearing [8] 89:3,10 91:25 92:13
 93:24 94:3 96:4,6
weaver [6] 1:15 3:4 4:3,12 106:
 23 110:15
week's [1] 109:3
weekly [3] 33:20 34:1 108:25
wells [3] 93:1,7,9
west [2] 2:7,15
whatever [2] 11:13 33:9
whatnot [4] 29:25 50:9 51:4 53:

17
whenever (1) 33:8
whether (22) 9:7 10:2,7,9,20 21:
9 24:15 25:4,10 27:25 28:10,22
36:19 44:24 67:14,25 71:15 76:
4 86:6 90:14 95:12 96:3
white (3) 89:11 105:4,9
who's (2) 99:24 100:11
whoever (4) 9:3 71:20 85:3 93:8
whole (4) 29:12 31:24 46:19
102:5
whom (2) 4:13 35:6
wieskopf (15) 15:9 17:5,11 28:
14 31:23 32:2,9,17,23 35:6,18
36:2 38:6 44:5 97:18
will (5) 33:10,17 59:14 85:1,2
windbreaker (1) 91:2
within (5) 26:22 48:4 59:22,25
72:10
without (4) 23:25 24:18 26:6 79:
20
witness (13) 3:4 7:7 21:21 25:16
43:18 57:13 82:23 87:3 96:21
97:5 101:23 104:23 112:13
wofford (25) 2:12 3:9 4:16,22 7:
6 21:18 25:14 42:14 47:3 49:4,
6 66:22 73:21 74:13 82:22 87:2
96:19 97:4 101:21 104:21 106:
16,20,22 108:15 109:12
wondering (2) 49:21 104:9
word (1) 101:15
words (3) 7:13 59:9 85:10
work (16) 13:5 16:12,18 29:25
48:25 49:17 52:23,24 53:7,24
59:5 72:16 76:20 100:17 101:
25 102:24
worked (1) 5:8
working (6) 7:2,4 19:6 29:4 37:
16 38:4
works (1) 68:9
worksheets (1) 62:6
worst (1) 48:10
worth (6) 76:3 108:3,6,12,21,22
109:4,5,7
written (5) 58:11,16 91:3 105:3
112:10
wrote (2) 13:11,15

Y

y-a-m-i-r-a (1) 7:7
yamira (1) 7:5
year (2) 16:2,25
years (3) 5:9,19,25

Z

zydou (3) 45:9,10,11