

THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

In the Matter of a General Investigation of )  
TAG Mobile, LLC to Show Cause Why )  
This Commission Should Not Initiate ) Docket No. 16-TAGC-323-SHO  
Sanctions and Fines and Cancel, Suspend )  
and Revoke Any Authority the Carrier )  
Currently Holds. )

**REBUTTAL TESTIMONY**

**OF**

**Z. ED LATEEF**

**ON BEHALF OF**

**TAG MOBILE, LLC**

**July 28, 2017**

Petefish, Immel, Hird, Johnson, Leibold & Sloan, L.L.P.  
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Attorneys for TAG Mobile, LLC

1 Q. Please state your name and business address.

2 A. My name is Z. Edward Lateef. My business address is 1330 Capital Parkway, Carrollton,  
3 Texas 75006.

4 Q. What is your position with TAG Mobile, LLC (TAG)?

5 A. I am the founder and President of TAG.

6 Q. What is the purpose of your testimony?

7 A. I wish to respond to the Prefiled Direct Testimony filed by Sandra (Sandy) Reams and  
8 Christine Aarnes on behalf of the Kansas Corporation Commission Staff.

9 Q. Could you please describe TAG's business in Kansas?

10 A. TAG Lifeline Services offer Lifeline discounts to low income families and individuals for  
11 wireless services. The Lifeline program is a government benefit program created by the  
12 Federal Communications Commission in 1985 to provide a discount on phone service for  
13 qualifying low-income consumers. The purpose is to ensure that all Americans have the  
14 opportunities and security that a phone service brings.

15 Q. Has TAG received any designations as a telecommunications carrier in Kansas?

16 A. Yes. On November 15, 2012, the Commission issued an Order in Docket No. 12-TAGC-  
17 843-ETC (the "12-843 Docket"), granting Eligible Telecommunications Carrier (ETC)  
18 status to TAG for Lifeline support in specific wire centers in Kansas served by  
19 Southwestern Bell Telephone Company, d/b/a AT&T Kansas. The Order designated  
20 TAG as a Lifeline-Only ETC for the purpose of receiving federal and state Lifeline  
21 support.

1 Q. Has TAG provided services in accordance with the Commission order granting it ETC  
2 status?

3 A. Yes, for the most part. TAG has had some internal leadership changes that has caused  
4 TAG to become deficient in some areas, which will be addressed below. But TAG has  
5 taken steps to address the deficiencies and, more importantly, Kansas consumers received  
6 the services for which they contracted, increasing access to all Kansans.

7 Q. Beginning at page 4 of her Testimony, Ms. Reams suggests that TAG received excessive  
8 Kansas Lifeline Service Program (KLSP) reimbursement. Do you agree?

9 A. No. To my knowledge, the plans offered in Kansas were at the \$20 rate, not the \$12.75  
10 rate. In addition, the MOU offered in Kansas was 600, not 500. We changed billing  
11 systems to the VCare System in 2016 and do not have the records yet to substantiate this.

12 Q. Beginning at page 15 of her testimony, Ms. Reams testified regarding alleged  
13 deficiencies in TAG's record keeping. Do you agree that TAG's record keeping has  
14 been deficient?

15 A. Yes, but only in part. And I disagree with her conclusions. We have obviously had some  
16 deficiencies, which were exacerbated by the change to the new VCare system, but we  
17 now have data control, records and compliance systems in place and we have added a  
18 new Regulatory Compliance Manager to ensure future compliance with Commission  
19 orders.

20 Q. In the Testimony of Christine Aarnes on behalf of Staff, she suggests that TAG failed to  
21 comply with the "own facilities" requirement imposed by the Commission in the 12-843  
22 Docket in two ways. How do you respond?

1 A. First, at the time TAG was granted ETC status, did TAG “own” a switch, through which  
2 its traffic was routed. TAG was entitled to use a combination of its own facilities and  
3 facilities owned by another carrier if they are leased by the ETC using UNEs or  
4 commercial agreements. TAG met the requirements and started offering services in  
5 compliance with the Order in the 12-843 Docket.

6 Q. Did that change?

7 A. Yes. On October 20, 2014, TAG entered into an ISO agreement with Selectel, Inc.  
8 (“Selectel”). Selectel began enrolling customers in April of 2015. The ISO was replaced  
9 by a Joint Venture Agreement in November of 2015. On December 23, 2015, Staff  
10 submitted a Report and Recommendation (“R&R”), which alleged that Selectel, was  
11 impermissibly offering Lifeline Service in Kansas through TAG’s ETC designation.  
12 Upon learning of Staff’s concerns, in January of 2016, the relationship with Selectel was  
13 terminated.

14 Q. TAG concedes that from April of 2015, when Selectel began to enroll Kansas  
15 subscribers,<sup>1</sup> until January of 2016 (10 months), Selectel’s voice traffic was not routed  
16 through TAG’s switch.

17 Q. What happened to the Selectel customers upon termination of the Joint Venture  
18 agreement?

19 A. On January 25, 2016, all of Selectel’s customers were migrated to TAG.

20 Q. Staff alleges that TAG was not in compliance with the order granting ETC status in the  
21 12-843 Docket starting in November of 2012. Do you agree?

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<sup>1</sup> The ISO was executed October 20, 2014, but Selectel did not enroll Kansas subscribers until April of 2015.

1 A. No. From November of 2012 through July of 2017 (56 months), there was one period,  
2 from April of 2015 until January of 2016 (10 months), when not all of TAG's voice  
3 traffic was routed through its switch.

4 Q. Why did TAG agree to the Selectel arrangement?

5 A. A previous CEO of TAG made the decision to enter into the agreements with Selectel.

6 Q. Staff contends that Staff alleges that TAG failed to "pass through" the full Lifeline and  
7 KLSP subsidies to qualifying low income consumers, as required by the Commission's  
8 Order on ETC Application and 47 C.F.R. §54.403(a)(1). How do you respond?

9 A. First, as I previously testified, TAG did provide additional value to Kansas consumers in  
10 the form of enhanced MOU (600) and texting plans. Second, there is no connection  
11 whatsoever between the amounts TAG paid to Selectel (or divided with Selectel) and  
12 whether consumers received the full benefits to which they were entitled under the KUSF  
13 program.

14 Q. Do you agree with Staff's allegation that TAG failed to provision service "directly" to the  
15 qualifying low income customers in order to seek Lifeline reimbursement, as required by  
16 47 C.F.R. §54.407(a) and 54.201, violating its federal and state Lifeline obligations?

17 A. No. Except for the period during with the ISO agreement was in place with Selectel,  
18 TAG did not seek reimbursement for Lifeline funds for qualifying low income customers  
19 that it did not serve directly, in violation of 47 C.F.R 54.407(a). Most importantly, the  
20 purpose of the "serve directly" provision is to ensure that multiple carriers do not seek  
21 reimbursement for the same customers.<sup>2</sup> Staff does not allege that this has occurred.

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<sup>2</sup> 47 C.F.R. 54.407(a)

1 Q. Staff urges the Commission to impose significant fines upon TAG. How do you  
2 respond?

3 A. The Commission clearly has the discretion to impose the penalties requested by Staff, but  
4 in this case, TAG has acknowledged the deficiencies in its accounting and record keeping  
5 systems and has taken active steps to ensure compliance with the Commission's rules  
6 going forward. TAG cooperated with the GVNW audit and has been responsive to  
7 Staff's data requests. Despite TAG's operational deficiencies, more Kansas customers  
8 have received services as a result of TAG's presence in the marketplace. TAG requests  
9 the Commission to not impose any fines or penalties.

10 Q. Does this conclude your testimony?

11 A. Yes.

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VERIFICATION

STATE OF Texas )  
COUNTY OF Dallas ) ss.

*Ed Lateef* "Ed" Lateef, being duly sworn upon oath, deposes and sates that he is the President of TAG Mobile, LLC, that he has read and is familiar with the foregoing Rebuttal Testimony and that the statements contained therein are true and correct to the best of his knowledge, information and belief.

*Ed Lateef*  
*Ed Lateef*  
\_\_\_\_\_  
Ed Lateef

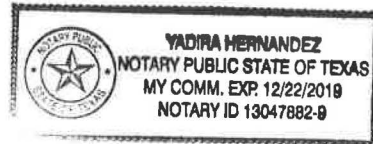
Subscribed and sworn to before me this 31 day of July, 2017.

*Yadira Hernandez*  
\_\_\_\_\_  
Notary Public

My

Appointment

Expires: 12/22/2019



CERTIFICATE OF SERVICE

The undersigned certifies that on the 31<sup>st</sup> day of July, 2017, a true and correct copy of the foregoing Rebuttal Testimony of Z. Ed Lateef on behalf of TAG Mobile, LLC, was attached to an email and sent to the following persons electronically at the following addresses:

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