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Congress of the United States
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CONGRESSIONAL BLACK CAUCUS
CHAIR, 107TH CONGRESS

November 10, 2009

The Honorable Julius Genachowski
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

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Dear Chairman Genachowski:

Pending before the Wireline Competition Bureau ("WCB") is a Petition for Reconsideration by Lazo Technologies, Inc., et al ("Petitioners"). This Petition requests reconsideration of a Bureau action that upheld a denial of payments by the Universal Service Administrative Company ("USAC") pursuant to a Schools and Libraries Division ("SLD") E-Rate program.

Petitioners are three small minority-based constituent companies that provided wiring and installation services as part of a loosely organized consortium pursuant to an E-Rate contract with the Dallas Independent School District ("DISD"). In this particular case, one member of the service provider consortium group, otherwise unrelated to Petitioners, and an officer of DISD, were indicted and convicted of bribery, money laundering and fraud in the procurement of the underlying DISD contract. Petitioners, however, had no involvement in or knowledge of the illegal activity.

Although Petitioners frequently inquired whether there had been any wrongdoing in the procurement of the contract, all entities involved repeatedly assured Petitioners there was not. In addition, at least seven separate investigations were conducted by third parties -- four by NECA and USAC, one each by the law firms Carrington Coleman and Haynes Boone, and one by KPMG. None of them found any evidence of wrongdoing. It was only after a 2006 FBI investigation that one of the service providers and an official of DISD were indicted and convicted.

By the time the investigation began, Petitioners had completed most of their work for DISD under the contract. Petitioners opted to complete their portion of wiring and installation work and to satisfy their obligations under their contracts with DISD for several reasons: (i) they did not want to be in breach of their independent agreements with DISD and subject themselves to

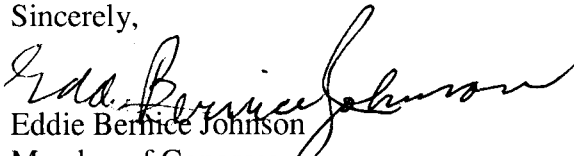
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liability for breach of contract; (ii) they have continuous dealings with DISD on non-E-rate contracts and did not want to jeopardize future work due to non-completion of work on these agreements; and, (iii) each of the Petitioners are committed and involved members of the Dallas business community and felt it was their civic duty to ensure the completion of wiring for the 183 schools under the E-rate contract so the schoolchildren of Dallas would not suffer for the wrongdoings of an unrelated few.

Petitioners completed all of their work as scheduled and required under contracts with DISD, and DISD has paid the Petitioners DISD's portion in full. The only payments outstanding are those due by USAC. No one ever made any allegation that Petitioners had any involvement in or knowledge of fraudulent or illegal activities, and in fact, they had no such involvement. Petitioners simply performed their valuable services under valid and binding contracts to benefit the citizens and schoolchildren of Dallas.

For these efforts USAC denied Petitioners complete payment, and their businesses are suffering as a result. Of all the independent contractors who worked on this project, only these minority-owned businesses were denied full payment. This would appear to be unjust and unfair treatment and a violation of due process and *quantum meruit*. I recognize that there are important policy decisions involved whenever there are allegations of fraud or waste in the E-Rate program; however, penalizing innocent third parties cannot be the answer. I request that you undertake a close review of this matter and provide the Petitioners the relief they deserve.

Sincerely,


Eddie Bernice Johnson
Member of Congress