



Handwritten: Russ for WST
DS for CB

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

RECORDS AND REPORTING
NOV 18 AM 11:39
RECEIVED-FPSC

DATE: NOVEMBER 18, 1999

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYÓ)

FROM: DIVISION OF LEGAL SERVICES (CLEMONS) *pme dr*
DIVISION OF COMMUNICATIONS (BIEGALSKI) *KB AD*

RE: DOCKET NO. 991402-TI - INITIATION OF SHOW CAUSE PROCEEDINGS AGAINST U.S. REPUBLIC COMMUNICATIONS, INC. FOR APPARENT UNLAWFUL BILLING PRACTICES

AGENDA: 11/30/99 - SHOW CAUSE - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\CMU\WP\991402.RCM

CASE BACKGROUND

- April 2, 1997 - U.S. Republic Communications, Inc. (U.S. Republic) received Certificate Number 4836 to provide intrastate interexchange telecommunications service in Florida.
- May 11, 1998 through October 29, 1999 - The Commission's Division of Consumer Affairs (CAF) determined there are 269 consumer complaints regarding unauthorized charges on telephone bills.
- January 29, 1999 - U.S. Republic reported gross intrastate revenues of \$1,012,971.46 on its 1998 regulatory assessment fee form.
- September 16, 1999 - Staff opened this docket to investigate the apparent unlawful billing practices of U.S. Republic.

DOCUMENT NUMBER-DATE

~~14218~~ NOV 18 99

FPSC-RECORDS/REPORTING

- November 10, 1999 - U.S. Republic requested deferral of this item from the November 16, 1999 Agenda Conference in order to allow staff time to review its settlement offer submitted on this date. (Attachment A, Pages 5-6)

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission accept the settlement offer proposed by U.S. Republic Communications, Inc. in lieu of proceeding with the show cause process?

RECOMMENDATION: Yes. (Biegalski)

STAFF ANALYSIS: CAF received its first unauthorized billing complaint for internet website design against U.S. Republic on May 11, 1998. Through October 29, 1999, CAF closed a total of 269 similar consumer complaints against U.S. Republic as apparent unauthorized billing infractions.

The apparent unauthorized charges are initiated through a telemarketing call which solicits internet web site design and hosting services. The monthly charge billed on the consumer's local telephone bill is approximately \$24.95. Through the investigation of the consumer complaints received by CAF, staff has determined that the consumers did not authorize these charges.

U.S. Republic states in its responses to the consumer complaints that it received authorization for the internet web site design charge via third party verification. Nevertheless, U.S. Republic has issued full credits to consumers for the charges incurred. During staff's telephone conversation with U.S. Republic on September 20, 1999, staff requested copies of the third party verification but, to date, the verification has not been received. U.S. Republic respectfully requests that the Commission not penalize it for not providing copies of the third party verifications, since it claims that web page service is not an aspect of the telecommunications industry currently regulated by this Commission or any other regulatory body.

Based on the complaints received by CAF, staff opened this docket to investigate the apparent unlawful billing practices of U.S. Republic. However, prior to the agenda conference and in an effort to resolve this matter, U.S. Republic submitted an offer to settle on November 10, 1999. In its settlement offer, U.S. Republic offers the following:

- U.S. Republic would agree to transfer its entire long distance customer base in Florida to an unaffiliated carrier that is already certified to provide long distance services and is in good standing in Florida. U.S. Republic states that it expects the transfer of its customer base to be complete within 180 days from the date of a purchase agreement.
- U.S. Republic would ensure that all reasonable and necessary steps were taken, including obtaining the applicable regulatory approvals, to facilitate this transfer.
- U.S. Republic would voluntarily request cancellation of its interexchange telecommunications certificate once the transfer of its customer base is complete.
- U.S. Republic would not conduct any further business in the State of Florida and states that it intends to permanently cease doing business in Florida.
- U.S. Republic agrees to continue to work with staff in order to promptly resolve consumer complaints. U.S. Republic will continue its practice of giving refunds or credits as applicable to consumers with legitimate complaints on a "no questions asked" basis.
- U.S. Republic will submit monthly reports regarding the status of the customer base transfer beginning on January 31, 2000 and continuing until the transfer of its customer base is complete.

In addition to this proposed settlement, U.S. Republic has entered into a stipulation with the Federal Trade Commission (FTC) pertaining to U.S. Republic's webpage design offering. (Attachment B, Pages 7-23) Staff believes that U.S. Republic's settlement offer and the stipulation entered into with the FTC adequately addresses each of staff's concerns. Moreover, the company has been very cooperative in resolving all issues. Therefore, staff believes the terms of the settlement agreement as summarized in this recommendation are fair and reasonable, and we support acceptance of U.S. Republic's settlement offer.

DOCKET NO. 991402-TI
DATE: November 18, 1999

ISSUE 2: Should this docket be closed?

RECOMMENDATION: No. With the approval of Issue 1, this docket should remain open pending the transfer of U.S. Republic's customer base, the remittance of monthly reports and the request for cancellation of U.S. Republic's interexchange telecommunications certificate. Upon completion of the customer base transfer and the cancellation of its IXC certificate, this docket should be closed.
(Clemons)

STAFF ANALYSIS: With the approval of Issue 1, this docket should remain open pending the transfer of U.S. Republic's customer base, the remittance of monthly reports and the request for cancellation of U.S. Republic's interexchange telecommunications certificate. Upon completion of the customer base transfer and the cancellation of its IXC certificate, this docket should be closed.

US Republic

communications, Inc.

November 10, 1999

***VIA FACSIMILE (850) 413-6547
AND REGULAR MAIL***

Ms. Kelli Biegalski
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 99104-TI; U.S. Republic Communications, Inc.

Dear Ms. Biegalski:

This is to confirm our discussions this morning that U.S. Republic Communications, Inc. ("US Republic") is prepared to enter into good faith settlement negotiations with the Florida Public Service Commission (the "Florida PSC"). While we are not yet prepared to make an unconditional offer, we are able to make a tentative proposal, based upon the following facts and conditions.

It is important to first note a few facts, some of which you are already aware. The two senior managers that oversaw the day-to day operations at US Republic were replaced effective upon the closing of US Republic's sale to Prodigy Communications Corporation of its entire web-hosting business and related assets on October 5, 1999. US Republic has since been out of the web-hosting business in both Florida and throughout the nation, making any discussion of an ongoing web-hosting business unnecessary. As part of the asset sale to Prodigy, US Republic retains responsibility for liabilities arising prior to the sale, including the complaints underlying the Staff's current recommendation, and stands ready to take all appropriate steps promptly and fairly resolve any unresolved complaints.

The sale also leaves US Republic with only one line of business, the provision of resold long distance services. US Republic currently has approximately 4,300 long distance customers in Florida. There are no solicitations for long distance customers, in Florida or anywhere. Additionally, US Republic has not solicited customers in Florida since the summer of 1998. US Republic is currently seeking a buyer for its long distance customer base nationwide, including Florida. When a sales agreement is reached, as we anticipate, US Republic would like to propose the following terms to resolve this matter.

1. US Republic would agree to transfer its entire long distance customer base in Florida to another unaffiliated carrier that is already certified to provide long distance services and is

3200 West Pleasant Run Road
Lancaster, Texas 75146

in good standing in Florida;

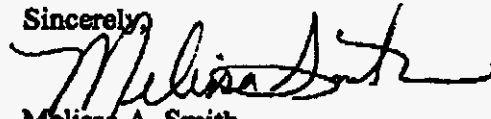
2. US Republic would ensure that all reasonable and necessary steps were taken, including obtaining the applicable regulatory approvals, to facilitate this transfer;
3. Once the transfer is accomplished, US Republic would voluntarily withdraw its Florida long distance certificate¹;
4. US Republic would not conduct any further business in the State of Florida.
5. Submit monthly reports regarding the status of the transition to the attention of Kelli Biegalski

It is anticipated that once such an asset sale is completed, the corporate entity of US Republic will be liquidated and dissolved. It will most likely take 180 days from execution of a purchase agreement to fully perform under such an agreement, and we will take all reasonable steps to expedite the process.

Independent of the above tentative proposal, US Republic unconditionally agrees to continue working with the Florida PSC during this interim period to promptly and fairly resolve any remaining consumer complaints, as has always been US Republic's regular practice. US Republic will continue its practice of giving refunds or credits as applicable to consumers with legitimate complaints on a "no questions asked" basis. Thus, US Republic intends to permanently cease doing business in the state, while at the same time, continuing to work diligently to resolve outstanding issues. Since US Republic has taken such an unequivocal approach to making customers whole and is in the process of fulfilling the terms of the FTC Agreement at its own expense, it is our understanding that no fines or other penalties would be assessed in conjunction with this arrangement.

US Republic respectfully requests that this proposal be given consideration as soon as is practical, so that it can quickly move forward with its tentative proposal. Again, US Republic appreciates the PSC's willingness to work with us in attempting to resolve this matter. We are willing to meet and/or confer with the PSC regarding these issues at any mutually convenient time.

Sincerely,



Melissa A. Smith
Litigation Counsel

cc: Jennifer Goldston

¹Certificate to operate as an interexchange telecommunications service company, Docket No. 961492-TI; Order No. PSC-97-0268-FOF-TI; Auth. No. T-96-1123; Company Code TI607.

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
OCT 27 1999 TC
MICHAEL N. MILBY, CLERK OF COURT

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

U.S. REPUBLIC COMMUNICATIONS, INC.,
a Texas Corporation,

and

T. GARY REMY,
individually and as an officer of U.S. Republic
Communications, Inc.

Defendants.

NOV - 2 1999

Civil Action No.

H - 99 - 3657

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
ENTERED

NOV 2 1999

Michael N. Milby, Clerk

**STIPULATED FINAL ORDER FOR PERMANENT INJUNCTION
AND OTHER EQUITABLE RELIEF**

Whereas: Plaintiff, the Federal Trade Commission ("FTC" or "Commission"), commenced this action by filing a Complaint on 10/21/99; Defendants waived service of the Summons and Complaint; the parties are represented by the attorneys whose names appear hereafter, and the parties are in agreement to settle the Complaint by entering into this Stipulated Final Judgment and Order for Permanent Injunction and other Equitable Relief ("Order") upon the following terms and conditions, without adjudication of any issue of fact or law and without Defendants admitting liability for any of the matters alleged in the Complaint;

#3

THEREFORE, on the joint motion of Plaintiff and Defendants, it is hereby ORDERED, ADJUDGED, and DECREED as follows:

SECTION I.

FINDINGS

- A. This Court has jurisdiction over the subject matter and the parties.
- B. The Complaint states a claim upon which relief may be granted against Defendants under §§ 5(a)(1) and 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 45(a)(1) and 53(b).
- C. The activities of Defendants are in or affecting commerce, as defined in the FTC Act, 15 U.S.C. § 44.
- D. Entry of this Order is in the public interest.
- E. Defendants have waived any and all rights that may arise under the Equal Access to Justice Act, 28 U.S.C. § 2412, amended by Pub. L. 104-121, 110 Stat. 847, 863-64 (1996).
- F. Plaintiff and Defendants, by and through their counsel, have agreed that the entry of this Order resolves all matters of dispute between them arising from the Complaint in this action, up to the date of entry of this Order.
- G. Plaintiff and Defendants waive all rights to seek appellate review or otherwise challenge or contest the validity of this Order. Defendants further waive and release any claim they may have against the Commission, its employees, agents, or representatives.

H. This Order is for settlement purposes only and does not constitute and shall not be interpreted to constitute an admission by Defendants that they have engaged in violations of any law or regulations including but not limited to the Federal Trade Commission Act, or that the facts alleged in the Complaint, other than the jurisdictional facts, are true.

DEFINITIONS

- I. For the purposes of this Order, the following definitions shall apply:
1. "Defendant USRC" means defendant U.S. Republic Communications, Inc., its officers, agents, servants, attorneys, independent contractors and employees, and all other persons in active concert or participation with them who receive actual notice of this order by personal service or otherwise.
 2. "Defendant Remy" means defendant T. Gary Remy, his agents, servants, attorneys, independent contractors and employees, and all other persons in active concert or participation with them who receive actual notice of this order by personal service or otherwise.

SECTION II

IT IS FURTHER ORDERED that Defendants USRC and Remy are hereby permanently restrained and enjoined from participating or assisting, directly or through any corporation, subsidiary or other entity or intermediary, in the making of any false or misleading representation of material fact, or omitting material information, either expressly or by implication, orally or in writing, in connection with the promotion, marketing, offering for sale, or sale of services related to website design, webpage

design, or the posting or promulgation of webpages, websites, advertisements or other materials on the Internet, including but not limited to false or misleading representations that:

- A. Defendants will not charge consumers unless consumers take affirmative steps to authorize charges during any free-trial period;
- B. Defendants will not assess a recurring monthly charge for website services until thirty days after Defendants have provided consumers with information that will enable the consumers to access and review the website and to cancel the services; and
- C. Consumers are legally obligated to pay charges for website services that have not been authorized by the consumer that Defendants charge or cause to be charged.

SECTION III.

IT IS FURTHER ORDERED that:

- A. In the event Defendants USRC and Remy represent in the promotion, marketing or offering for sale of their services that they will submit websites to specific Internet search engines, they are hereby permanently restrained and enjoined, directly or through any corporation, subsidiary or other entity or intermediary, from failing to disclose that such submissions do not guarantee that the referenced search engines will index or list the websites; and
- B. In the event Defendants represent that they will submit websites to Internet search engines, without identifying specific search engines, Defendants are hereby permanently restrained and enjoined, directly or through any corporation, subsidiary or other entity

or intermediary, from failing to disclose that such submissions do not guarantee that all search engines will index or list the websites.

Provided, however, that Defendants are not required to make such disclosures if the submissions result in the websites being indexed or listed by all major search engines in all or nearly all instances ("major search engines" being defined as the eight most frequently used search engines). *Provided further* that in the event that the FTC issues a final rule in the future on this issue, Defendants' obligations shall be no greater than those imposed by such rule.

SECTION IV.

IT IS FURTHER ORDERED that Defendants USRC and Remy are hereby permanently enjoined, directly or through any corporation, subsidiary or other entity or intermediary, from sending a bill, or causing a bill to be sent, to any consumer for any product or service without first obtaining express, verifiable authorization that the person being charged has agreed to be charged for the good or service in the amount and in the manner set forth in the bill which Defendants have sent or caused to be sent to that consumer. *Provided, however,* that this section shall not be construed to prohibit Defendants USRC and Remy from billing charges to a credit card account number if: the credit card account number is disclosed by a consumer during the course of a call to purchase goods or services; the consumer gives express authorization to bill charges to that credit card account number; the credit card is subject to the dispute resolution requirements of the Fair Credit Billing Act and the Truth in Lending Act, as amended; and the credit card is the sole method used to pay for the charge.

SECTION V.

IT IS FURTHER ORDERED that Defendants are hereby permanently restrained and enjoined from providing to any person, except Defendants' agents, affiliates, subsidiaries, successors and assigns, agents of the Plaintiff or other law enforcement authorities, or as directed by Court Order, the name, address, telephone number, or credit card or bank account number of any consumer who, in response to Defendants' promotion of website services, provided such information to or did business with Defendants, except that Defendants are permitted to post the name, address and telephone numbers of consumers that authorize Defendants' website services on the Internet.

SECTION VI.

IT IS FURTHER ORDERED that:

- A. Defendants USRC and Remy shall, within forty-five (45) days of the entry of this Order, mail a written notice and a claims application, in a form approved by the Commission, including approval of the envelope, to all customers that:
1. were being billed through local exchange carriers ("LECs") as of May 20, 1999, and new customers signed up for LEC billing between that date and the date of entry of this Order;
 2. have not previously converted to credit card billing in a manner consistent with Section IV of the Order;
 3. have not previously converted to payment by electronic transfer of funds in a manner that complies fully with the provisions set forth at 16 C.F.R. § 310(a)(3); and

4. have not previously received a full credit from either the defendants or the consumers' LECs for all charges related to defendants website services.
- B. The notice described in paragraph A, above, shall clearly and conspicuously notify consumers that 1) they have been billed, and/or are being billed, for USRC's website services; 2) they have a right to cancel; 3) they have a right to request a full credit for all unauthorized charges, along with directions for doing so; and 4) they have the option to convert from LEC billing to direct invoice or credit card billing. Defendants USRC and Remy shall take the necessary steps to have the appropriate LECs provide full credits to all consumers who, in response to the notice, submit a signed claims application stating that the consumer did not authorize the charges. Consumers shall have thirty (30) days from the date of their receipt of Defendants' notice to mail back a completed claims application to Defendants or to Credit Managers Association of California ("CMA").
- C. Defendants USRC and Remy shall enter into a contract with CMA to provide the following auditing and reporting services related to Defendants' execution of the requirements contained in paragraph A of this Section:
1. Audit Defendants' mailing of notices, as required in paragraph A, through review of an affidavit or declaration to be submitted by Defendants to CMA within ten (10) business days of mailing all required notices. The affidavit or declaration shall, at a minimum, affirm the following:
 - a. the means used by Defendants to generate the list of consumers eligible to receive a notice;

- b. the means used by Defendants, including use of the National Change of Address registry, to assure that consumers' addresses are accurate;
 - c. the number of notices sent and the dates on which they were sent; and
 - d. a copy of the actual mailing sent;
2. Audit Defendants' mailing of notices, as required in paragraph A, through review of an affidavit or declaration to be submitted by Defendants to CMA within thirty (30) days of mailing all required notices. The affidavit or declaration shall, at a minimum, affirm the number of notices returned by the Post Office as undeliverable, and the reasonable efforts made by Defendants, such as calling the phone number that is billed and asking for a current address, to obtain valid addresses for those consumers and re-mail those notices;
3. Request and review such documents as needed from Defendants or consumers to verify that Defendants have sent redress notices in compliance with this Section;
4. Receive completed claims applications directly from consumers, and compile a list of those consumers that state on their signed claims applications form that they were billed through a LEC for USRC services, and that the charges were not authorized by the consumer, along with the name of the LEC and the telephone number that was billed. Within ten days of receipt of an incomplete or unsigned claims application, contact consumers as necessary to obtain missing information, with the cooperation of Defendants;
5. Provide the list of consumers eligible for a credit to the Defendants and to the

- Commission, and then audit the Defendants to assure that Defendants have taken the necessary steps to assure that the appropriate LECs provide full credits to all consumers that are on the list of consumers eligible for a credit; and
6. Provide a report to the Federal Trade Commission and to Defendants describing the efforts taken by CMA, the results of all audits, and outlining Defendants' compliance with this Section.
- D. Defendant USRC shall obtain and maintain an irrevocable letter of credit in the amount of One Million Eight Hundred Thousand Dollars (\$1,800,000) from an FDIC-insured bank, payable solely to the Federal Trade Commission, which shall be used as security for Defendants' obligations under this Section. Defendant USRC shall provide a certified copy of this letter of credit to the FTC within five (5) business days of entry of this Order. This letter of credit shall only be redeemed or released pursuant to the following conditions:
1. If Defendants have not either (1) complied fully with Paragraphs A, B and C of this Section, or (2) been granted an extension of time by the Court, within two-hundred and seventy (270) days of entry of this Order, plaintiff shall have the right to petition the Court to order that funds necessary to provide consumer redress consistent with Paragraphs A, B and C of this Section shall be paid directly to plaintiff through redemption of the letter of credit, in addition to whatever other legal remedies are available to plaintiff; or

2. Plaintiff shall, within fifteen (15) business days of receipt of the report described in paragraph (C)(4) above, notify Defendants and the Court that the Commission either: (1) releases Defendants from their obligation to maintain a Letter of Credit; or (2) is moving the Court to require the Defendants to show cause why they should not be held in contempt for their failure to comply with this Section, in which case the Defendants shall be required to maintain the Letter of Credit until such time as the Court rules otherwise.

- SECTION VII.

IT IS FURTHER ORDERED that Defendant Remy shall, within five (5) business days after receipt of this Consent Decree as entered by the Court, submit to the Commission a truthful sworn statement, in the form shown on Appendix A, that shall acknowledge receipt of this Consent Decree.

SECTION VIII.

IT IS FURTHER ORDERED that Defendants USRC and Remy, their successors, subsidiaries, affiliates and assigns, shall within thirty (30) days of the entry of this Consent Decree, provide an accurate summary of this Consent Decree that clearly communicates the injunctive provisions contained herein to each of their directors, officers, agents, servants, independent contractors, employees, collection agencies to which they assign accounts, and attorneys that are involved, in any way, with the telemarketing of any Internet-related service, and secure from each such person a signed statement acknowledging receipt of a copy of this summary, and shall, within ten (10) business days of complying with this paragraph, provide

the FTC with an affidavit setting forth the fact and manner of their compliance, including the name and title of each person to whom a copy of the summary has been provided.

SECTION IX.

IT IS FURTHER ORDERED that:

- A. For a period of five (5) years from the date of entry of this Consent Decree, Defendants USRC and Remy shall notify the Commission of the following:
1. Any changes in their residence, mailing addresses, and telephone numbers, within ten (10) business days of the date of such change;
 2. Any changes in their employment status (including self-employment) within ten (10) business days of such change. Such notice shall include the name and address of each business with which such defendant is affiliated or employed, a statement of the nature of the business, and a statement of the defendant's duties and responsibilities in connection with the business or employment; and
 3. Any change in the structure of Defendant USRC, such as creation, incorporation, dissolution, assignment, sale, merger, creation or dissolution of subsidiaries or affiliates, filing of a bankruptcy petition, or change in the corporate name or address, or any other change that may affect compliance obligations arising out of this Consent Decree, within ten (10) business days of any such change.
- B. One hundred eighty (180) days after the date of entry of this Consent Decree, Defendant Remy shall provide a written report to the FTC, sworn to under penalty of perjury, setting forth in

detail the manner and form in which he has complied and is complying with this Consent

Decree. This report shall include, but not be limited to:

1. The Defendant's then current residence address and telephone number,
 2. The Defendant's then current employment, business addresses and telephone numbers, a description of the business activities of such employer, and defendant's title and responsibilities for such employer,
 3. A statement describing the manner in which defendant has complied and is complying with the provisions of this Consent Decree.
- C. For a period of five (5) years from the date of entry of this Consent Decree, upon written request by a representative of the Commission, Defendants shall submit additional written reports (under oath, if requested) and produce documents on fifteen (15) business days' notice with respect to any conduct subject to this Consent Decree, subject to Defendants' right to seek relief from the court under Rule 26(c) of the Federal Rules of Civil Procedure or under any other appropriate provision of the rules.
- D. For a period of five (5) years from the date of entry of this Consent Decree, upon written request by a representative of the Commission, Defendants shall permit Commission staff to interview any employee of Defendants in the presence of counsel for Defendants, and subject to the same rights to counsel as set forth in 15 U.S.C. § 57b-1, and, should the interview not take place at Defendants' place of business or a similarly convenient location, the same rights to remuneration for travel expenses afforded to witnesses summoned before the Commission set forth in 15 U.S.C. § 49.

- E. For the purposes of this Consent Decree, Defendants shall, unless otherwise directed by the Commission's authorized representatives, mail all written notifications to the Commission to:

Associate Director
Division of Marketing Practices
Federal Trade Commission
600 Pennsylvania Ave. NW
Washington, DC 20580

SECTION X.

IT IS FURTHER ORDERED that the Commission is authorized to monitor the Defendants' compliance with this Consent Decree by all lawful means, including but not limited to the following means:

1. The Commission is authorized, without further leave of court, to obtain discovery from any person in the manner provided by the Federal Rules of Civil Procedure, Fed. R. Civ. P. 26 - 34, 36 and 37, including the use of compulsory process pursuant to Fed. R. Civ. P. 45, for the purpose of monitoring and investigating the Defendants' compliance with any provision of this Consent Decree, subject to Rules 26(c), 45(c) and any other provisions of the Rules providing the person with the right to seek relief from the court;
2. Nothing in this Consent Decree shall limit the Commission's lawful use of compulsory process, pursuant to §§ 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1, to investigate whether Defendants have violated any provision of this Consent Decree, the Telemarketing Sales Rule, or Section 5 of the FTC Act, 15 U.S.C. § 45, subject to Defendants right to request relief from the courts.

IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this matter for the purposes of enabling any of the parties to this Consent Decree to apply to the Court at any time for such further orders or directives as may be necessary or appropriate for the interpretation or modification of this Consent Decree, for the enforcement of compliance therewith, related to the monitoring provisions therein, or for the punishment of violations thereof.

JUDGMENT IS THEREFORE ENTERED in favor of plaintiff and against Defendants, pursuant to all the terms and conditions recited above.

Dated this 25th day of October, 1999

Melissa Harmon
UNITED STATES DISTRICT JUDGE

The parties, by their respective counsel, hereby consent to the terms and conditions of the Consent Decree as set forth above and consent to the entry thereof.

Dated: October 17 1999

FOR THE DEFENDANTS:

U.S. REPUBLIC COMMUNICATIONS, INC.

By: [Signature]
Roger P. Pirey
Attorney for Defendants
Arter & Hadden
1801 K Street NW
Suite 400K
Washington, DC 20006-1301
(202) 775-7135

FOR THE FEDERAL TRADE
COMMISSION:

[Signature]
Frank M. Gorman
David Fix
Attorneys for Plaintiff
Federal Trade Commission
600 Pennsylvania Ave. NW
Washington, DC 20580
(202) 326-3282

[Signature]
T. GARY REMY
Individually and as President of
U.S. Republic Communications, Inc.

U.S. REPUBLIC'S



<date>

<address>

Re: Notification of telephone-based billing for U.S. Republic's
BizOnThe.Net Website

Dear <name>:

As a BizOnThe.Net customer, we are writing to notify you that you are currently being billed \$24.95 a month by U.S. Republic communications for your BizOnThe.Net Website through insert name of phone company. Because the Federal Trade Commission has raised concerns about telephone-based billing for Internet services by some companies in our industry, we are writing to ensure that you previously authorized charges for this service.

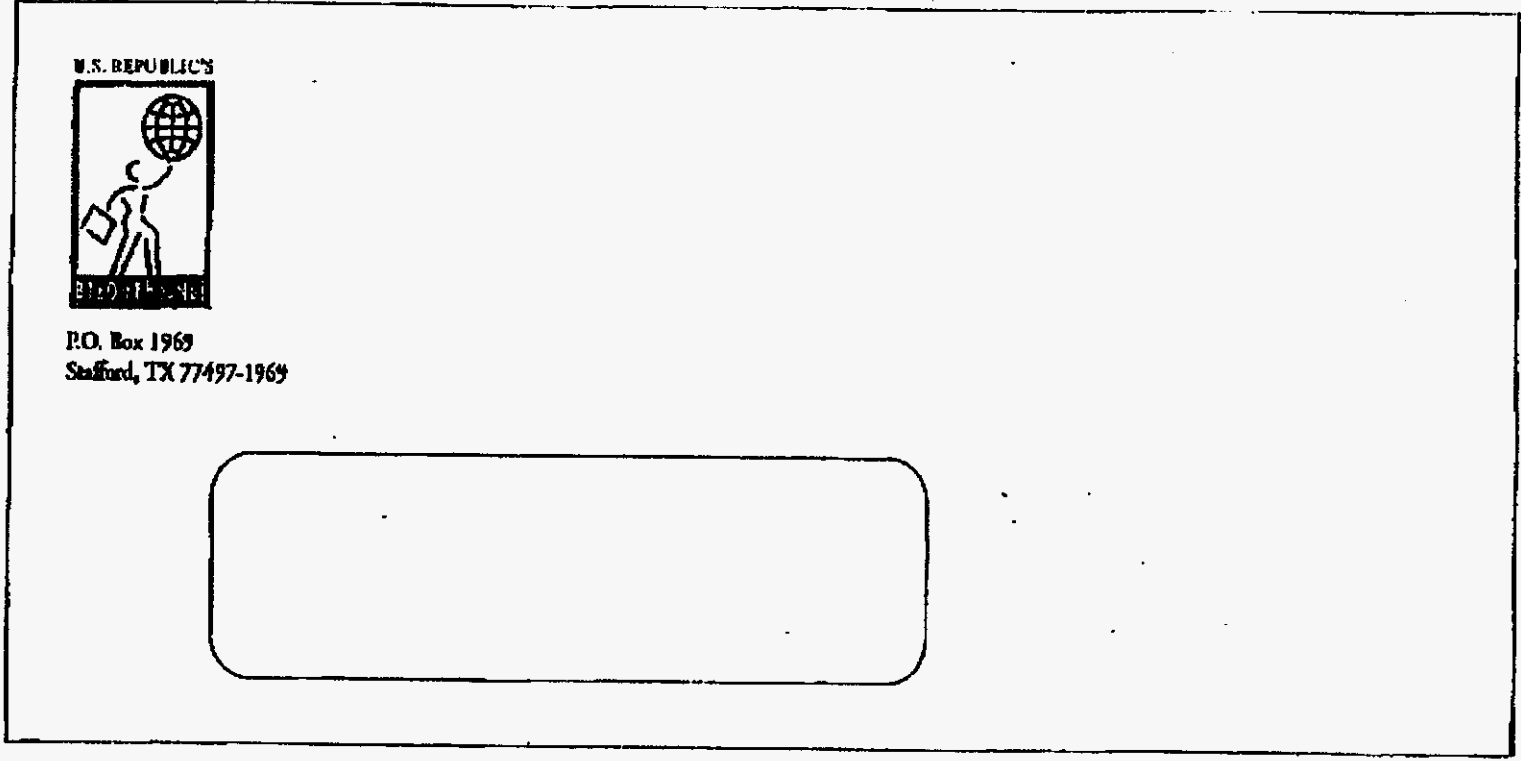
According to our records, we contacted you by phone and you authorized us to bill you. If, however, you believe that you did not authorize these charges, you may be eligible for a credit through your phone bill. To submit a claim, complete the attached form and follow the instructions on the form to mail it. Filing a claim will cancel your BizOnThe.Net website, and prevent future charges from appearing on your phone bill. The claim form is a declaration which must be signed under penalty of perjury.

If you are one of our many satisfied customers, we thank you for your business. We realize that many customers prefer separate invoicing to better serve their business needs. In response to this, we have added two more billing options:

Direct Billing - A monthly invoice sent directly to your business for \$24.95.
SmartBuyers Credit Card Billing - Your credit card will be billed monthly and with a savings of 20% off your Website fee, billing \$19.95 per month. And, if you pre-pay for one full year at \$199.99, this gives you two free months of Website service.

If you would like to receive your monthly charges with one of these options, or if you have any questions, please call our Customer Solutions Center at 1-800-480-9080 or visit our website at www.BizOnThe.Net.

P.O. Box 1969
Stafford, TX 77497-1969
Ph: 1-800-480-9080
Fax: 281-276-7939





DECLARATION OF _____
[print your name]
PURSUANT TO 28 U.S.C. § 1746

I, _____, hereby swear or affirm as follows:
[print your name]

1. I am over the age of 18 years and state that the matters contained herein are based upon my own personal knowledge.
2. I have been billed through my local phone company by U.S. Republic for a Bizontha.net website. These charges were billed to _____
[insert phone number]
3. I did not authorize, nor to the best of my knowledge did anyone else in a position of authority at this company authorize, U.S. Republic to place charges on my phone bill for website services, and I am requesting a credit for the amounts that I have paid for these services.

I swear or affirm, under the penalty of perjury, with knowledge of the penalties for false statements provided by 18 United States Code Section 1001,¹ that the foregoing is true and correct to the best of my knowledge, information and belief.

Executed on: _____
[date signed]

Signature

Name of Business

¹ 18 U.S.C. § 1001 states in part: "Whoever, in any matter within the jurisdiction of the executive, legislative or judicial branch of the Government of the United States, knowingly and willfully makes any materially false, fictitious, or fraudulent statement or entry shall be fined under this title or imprisoned not more than five years or both."