

STATE OF INDIANA



FILED

MAR 11 2014

INDIANA UTILITY  
REGULATORY COMMISSION

INDIANA UTILITY REGULATORY COMMISSION  
101 WEST WASHINGTON STREET, SUITE 1500 EAST  
INDIANAPOLIS, INDIANA 46204-3419

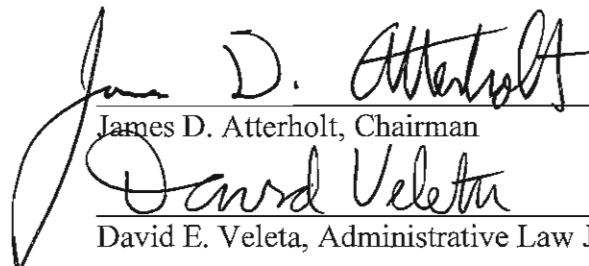

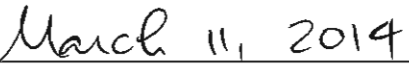
<http://www.in.gov/iurc>  
Office: (317) 232-2701  
Facsimile: (317) 232-6758

IN THE MATTER OF THE INDIANA )  
UTILITY REGULATORY COMMISSION'S )  
INVESTIGATION OF TERRACOM, INC. ) CAUSE NO. 44332  
AND ITS COMPLIANCE WITH THE )  
ORDERS OF THIS COMMISSION )

You are hereby notified that on this date the Indiana Utility Regulatory Commission ("Commission") has caused the following Entry to be made:

Please be advised that on February 20, 2014, the Commissioners received an email with attachments from Mr. Gary Clowers that addresses matters currently pending in this proceeding. The email with attachments is attached to this Docket Entry. In addition, the Presiding Officers have included a cover letter, document matrix and Affidavit provided by counsel for TerraCom, Inc. Disclosure of this written communication is being tendered to the record pursuant to 170 IAC 1-1.5-6.

**IT IS SO ORDERED.**

  
\_\_\_\_\_  
James D. Atterholt, Chairman  
  
\_\_\_\_\_  
David E. Veleta, Administrative Law Judge  
  
\_\_\_\_\_  
Date

**BOSE  
McKINNEY  
& EVANS LLP**

ATTORNEYS AT LAW

**Nikki Gray Shoultz**

Direct Dial: (317) 684-5242

Fax: (317) 223-0242

E-Mail: [NShoultz@boselaw.com](mailto:NShoultz@boselaw.com)

March 6, 2014

Beth K. Roads  
Acting General Counsel  
Indiana Utility Regulatory Commission  
101 W. Washington St., Suite 1500 East  
Indianapolis, IN 46204

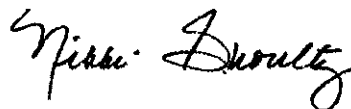
Re: Cause No. 44332  
February 20, 2014 Ex Parte Communication

Dear Ms. Roads:

This letter is in response to our recent conversation regarding an ex parte communication (the "Communication") sent to certain Commissioners on or about February 20, 2014 regarding TerraCom, which is the subject of a pending Commission investigation in Cause No. 44332. In response to your indication that portions of the Communication appear to constitute information for which disclosure is prohibited by I.C. 5-14-3 *et seq.*, my client has reviewed the Communication and provides the enclosed redacted version. In the margin beside each redaction is a number ranging from 1 to 7 that indicates, by category, the reason why each redaction constitutes information of which disclosure is prohibited by I.C. 5-14-3 *et seq.* Enclosed is a matrix labeled "Exhibit A" that identifies the information associated with each category along with an explanation of why disclosure of the information in each category is prohibited by law. Also enclosed is the Affidavit of Dale Schmick affirming the information contained in Exhibit A.

Pursuant to Indiana Administrative Rule 9(H), if the information referenced in Exhibit A does not fall under one of the mandatory exemptions from disclosure found in I.C. 5-14-3-4(a), then TerraCom seeks a public hearing prior to any disclosure by the Commission. Should you have questions or need additional information, please do not hesitate to contact me.

Best regards,



Nikki G. Shoultz

/attachments  
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## EXHIBIT A

Category	Description of Information	Why Disclosure is Prohibited by Law
1	Names of TerraCom employees or anyone who worked on behalf of TerraCom	The information is part of TerraCom's proprietary list of employees, agents, subcontractors, master agents, and other individuals (collectively, the "Workforce") paid by TerraCom for activities related to TerraCom's provision of Lifeline service. This same category of information was deemed to be confidential in the Presiding Officers' November 8, 2013 docket entry. The information is personal information that includes the names of individuals that are or were employed by or worked on behalf of TerraCom. Public disclosure of the information would divulge private information of an individual as well as trade secret information that is not otherwise available to the public or to TerraCom's competitors. Competitors could use the information to target specific individuals with unique Lifeline experience in order to reproduce TerraCom's subscribership levels or win existing TerraCom customers. TerraCom does not disclose the information to the public and it restricts access to employees with a need to know the information. The information should be exempt from public disclosure pursuant to I.C. 5-14-3-4(a)(4). Additionally, under the Federal Privacy Act, 5 U.S.C. § 552(a), certain records maintained on individuals should be maintained as confidential. The Act defines such records to include "information about an individual . . . including . . . his name, or the identifying number, symbol, or other identifying particular assigned to the individual." 5 U.S.C. § 552(a)(4). As such, the information is also exempt from public disclosure pursuant to I.C. 5-14-3-4(a)(3).
2	Employee personal contact information (email address, telephone number, mailing address)	The same rationale provided with respect to Category 1 is applicable to Category 2, which includes additional personal information including an individual's email address, telephone number, and/or mailing address. For the same reasons offered for Category 1, the information in Category 2 should be exempt from public disclosure pursuant to I.C. 5-14-3-4(a)(3) and I.C. 5-14-3-4(a)(4).
3	Activation counts disaggregated by region coupled with paid commissions	The number of subscribers, coupled with the amount of commission paid in a particular region is confidential information that constitutes a trade secret as defined by I.C. 24-2-3. Disclosure of subscriber numbers and the corresponding commission amounts would give competitors insight into TerraCom's penetration in specific geographic areas, as well as the proprietary business processes involving the structure and payment of commissions, which would economically harm TerraCom and offer information to competitors that is not otherwise publicly available. Competitors could use the subscribership and commission levels to assess the relative success of TerraCom's business model; duplicate it; and use the model to target TerraCom's existing customer base. No amount of independent research could yield the information showing the correlation between subscribership levels and commissions paid in particular regions. TerraCom does not disclose this information to the public and restricts it to employees with a need to know the information. Accordingly, the information should be exempt from public disclosure pursuant to I.C. 5-14-3-4(a)(4).
4	Inventory information, including amounts of inventory held in particular geographic regions and/or wire centers, business processes for handling inventory	The amount of inventory distributed by TerraCom to particular agents and/or in particular geographic regions or wire centers is confidential information that constitutes a trade secret as defined by I.C. 24-2-3. Disclosure of this inventory information would give competitors insight into TerraCom's penetration in specific geographic areas, as well as the proprietary business processes involving how and in what volumes TerraCom distributed inventory, which would economically harm TerraCom and offer information to competitors that is not otherwise publicly available. Competitors could use the inventory information and the associated volumes in specific geographic areas to assess the relative success of TerraCom's business model; duplicate it; and use the model to target TerraCom's existing customer base. No amount of independent

		research could yield the information showing the correlation between inventory levels and locations. TerraCom does not disclose this information to the public and restricts it to employees with a need to know the information. Accordingly, the information should be exempt from public disclosure pursuant to I.C. 5-14-3-4(a)(4).
5	Commission information, including amounts paid to particular agents; business processes for paying commissions	The amount of commissions paid by TerraCom to particular agents and the internal business processes regarding the commission structure and payment protocols is confidential information that constitutes a trade secret as defined by I.C. 24-2-3. Disclosure of the commission information would apprise competitors of proprietary business processes involving the structure and payment of commissions, which would economically harm TerraCom and offer information to competitors that is not otherwise publicly available. Competitors could use the commission information to assess the relative success of TerraCom's business model; duplicate it; and use the model to target TerraCom's existing customer base. No amount of independent research could yield the information showing the commission structure and amounts. TerraCom does not disclose this information to the public and restricts it to employees with a need to know the information. Accordingly, the information should be exempt from public disclosure pursuant to I.C. 5-14-3-4(a)(4).
6	Company computer system login information, including login IDs and email IDs	This information includes login and email information for TerraCom's proprietary computer system that, if disclosed, could allow a person to hack into TerraCom's system, which contains private customer and applicant information such as names, addresses, telephone numbers, and private records that could include social security numbers. No amount of independent research could yield the login and ID information. TerraCom does not disclose this information to the public and restricts it to employees with a need to know the information. According to I.C. 5-14-3-4(b)(10), the information should not be disclosed because it is "administrative information that would jeopardize a record keeping or security system." The email ID information is also private information of the individual to whom the email information belongs. Because the email ID and login information generally includes the first initial and last name of the individual, disclosure could reveal the identity of individuals working on behalf of TerraCom and thereby cause competitive harm as described above for Categories 1 and 2. Therefore, disclosure is also prohibited pursuant to I.C. 5-14-3-4(a)(4).
7	Personal information of those not associated with the company, such as customers and their relatives	The information includes the names of TerraCom customers and their relatives. This is the same type of information found to be confidential in the Presiding Officers' November 8, 2013 docket entry. Public disclosure of this information would divulge private information of an individual as well as trade secret information not otherwise available to the public or to TerraCom's competitors. Competitors could use the information to target TerraCom's customers. TerraCom does not disclose the information to the public and it restricts access to TerraCom employees with a need to know the information. Accordingly, the information should be exempt from public disclosure pursuant to I.C. 5-14-3-4(a)(4). Additionally, under the Federal Privacy Act, 5 U.S.C. § 552(a), certain records maintained on individuals should be maintained as confidential. The Act defines such records to include "information about an individual . . . including . . . his name, or the identifying number, symbol, or other identifying particular assigned to the individual." 5 U.S.C. § 552(a)(4). As such, the information should be exempt from public disclosure pursuant to I.C. 5-14-3-4(a)(3).

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**AFFIDAVIT OF DALE R. SCHMICK**

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STATE OF MISSOURI     )  
                                  ) SS:  
COUNTY OF PLATTE     )

Dale R. Schmick, being first duly sworn on oath, deposes and states as follows:

1. I am the Chief Operating Officer of TerraCom, Inc. (“TerraCom”), and in this capacity I have personal knowledge of all relevant matters pertaining to the letter dated March 6, 2014 from TerraCom’s counsel, Nikki G. Shoultz, to Beth Krogel Roads, Acting General Counsel for the Indiana Utility Regulatory Commission (“IURC”), including the matrix attached thereto as Exhibit A. I am authorized to make this affidavit on behalf of TerraCom. My business address is 401 E Memorial Rd, Suite 400, Oklahoma City, Oklahoma, 73114.

2. I am the same Dale R. Schmick who pre-filed testimony in IURC Cause No. 44332 and who testified at the final evidentiary hearing in the same proceeding on December 16, 2013.

3. I have reviewed the ex parte communication (the “Communication”) sent on or about February 20, 2014 to certain IURC Commissioners in Cause No. 44332 from Gary Clowers.

4. For the reasons set forth in the matrix attached as Exhibit A, the information redacted from the Communication (the “Redacted Information”) is trade secret information and private personal information that is protectable from disclosure pursuant to Indiana law.

5. The Redacted Information falls into seven categories, as described in the first column of the matrix attached as Exhibit A. The Redacted Information qualifies as “information” as contemplated by I.C. 24-2-3.

6. TerraCom derives economic value from maintaining the confidentiality of the Redacted Information. As set forth in Exhibit A, competitors could use certain Redacted Information on geographic locations of inventory and sales activity to assess the relative success of TerraCom’s business model; duplicate it; and use the model to target TerraCom’s existing customer base. Competitors could use certain of the Redacted Information revealing employee and customer names and contact information to target specific individuals with unique Lifeline experience in order to reproduce TerraCom’s subscribership levels or win existing TerraCom customers. The Redacted Information also provides economic value to competitors who could gain insight into the specific terms and business processes surrounding the payment of sales commissions. Competitors could duplicate the model to structure a sales force designed to reproduce TerraCom’s subscribership levels or to win existing customers. If disclosed, other aspects of the Redacted Information could would jeopardize TerraCom’s record keeping system and expose private customer and applicant information such as names, addresses, telephone numbers, and private records. Additionally, under the Federal Privacy Act, 5 U.S.C. § 552(a), certain of the Redacted Information showing the name and identifying information of individuals should be maintained as confidential.

7. The Redacted Information is not publicly reported or readily ascertainable by TerraCom’s competitors. No amount of independent research could yield the Redacted Information to TerraCom’s existing or potential competitors.

8. TerraCom does not disclose the Redacted Information to the public and it restricts access to TerraCom employees with a need to know the information.

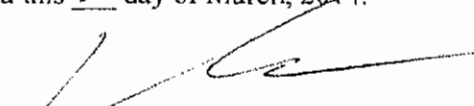
9. If the Commission believes that the Redacted Information is not mandatorily protected by Indiana law, I would request a public hearing pursuant to Indiana Administrative Rule 9(H) and I show as follows:

a. The public interest will be substantially served by prohibiting access. This is because granting access would undermine an individual's right to privacy in his/her own identifying information. Further, prohibiting access ensures that the confidential and proprietary trade secrets of TerraCom (and any other private business) are secured.

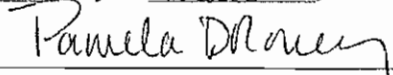
b. Access or dissemination of the Redacted Information will create a significant risk of substantial harm to TerraCom in that it will reveal the trade secret information of TerraCom. Further, access or dissemination of the Redacted Information will create a significant risk of substantial harm to the individuals whose personal information will be disclosed.

c. The Redacted Information should be excluded from public access because (1) it constitutes a trade secret of TerraCom; and (2) it contains the personal information, data, and identifying marks of current or former TerraCom customers, employees and agents.

Dated at Oklahoma City, Oklahoma this 5 day of March, 2014.

  
\_\_\_\_\_  
**Dale R. Schmick, Chief Operating Officer  
TerraCom, Inc.**

Subscribed and sworn to before me  
this 5<sup>th</sup> day of March, 2014

  
\_\_\_\_\_  
Notary Public, State of Oklahoma  
My Commission Expires \_\_\_\_\_

**PAMELA D. RONEY**  
Notary Public, State of Oklahoma  
Commission # 10003362  
My Commission Expires April 21, 2014

Coe, Shala

**From:** Veleta, David E.  
**Sent:** Thursday, February 20, 2014 11:20 AM  
**To:** Coe, Shala  
**Subject:** FW: Letter of Complaint To USAC, FCC, and Public Utility Commission w/ Supporting Documents  
**Attachments:** Doc - 1- [REDACTED]responseToExclusiveDistributionOrAssistClowersWithBecomingAProvider.pdf; Doc- 2-ResponseFrom [REDACTED].pdf; Doc- 3- [REDACTED]ResponseToDistribution-InvestmentRequest.pdf; Doc - 5a -Email-Generated From TerraCom [REDACTED]Inventory April.pdf; CCLLC Doc 12b MissouriIncidentLetterofTermination.pdf; CCLLC Email-Doc 12a-MissouriAgentIncident6-24.pdf; Doc - 6 -Generated From TerraCom -- Inventory Phone Request Report 7.16.13-3.xlsx; Doc 5b --Generated From TerraCom T1003 CLOWERS FREE INVENTORY 3.29.2013.xlsx; Doc 14 AttorneyLetter-Response-Contract.pdf; Doc 15b Generated From TerraCom [REDACTED]-- Inventory June Update 27420.xlsx; Doc 15-Email-[REDACTED]InventoryReportJune24--27240 Outstanding.pdf; Doc 18 TerraCom COMBINED ORDER CLOWER 2.19.13.xlsx; Doc 19 Clower Q2 Forecast 2013 Revised.xlsx; Doc 23a-[REDACTED]SendMayResidualCommission--January Not Included.pdf; Doc 23b Clowers May... Residual Commission\_Report-Data Section Show 23160 With January Included.xlsx; Doc 23c- Email-[REDACTED]MayResidualWithAttachment.pdf; Doc 25a-Email-- [REDACTED]March-AprilResidualReport.pdf; Doc -25b-Clowers Communications Commissions March April\_Residual\_Report.xlsx; Doc 25c-[REDACTED]SendsMarch-AprilResidualReportPayOweDec-DecNov.pdf; Doc 26-Email-- ClowersCommunicationsQuestionsResidualJune24--3 DaysLaterTerminationLetter.pdf; Doc 27a-[REDACTED]SendsJuneResidualReportEmail--June Higher Than July.pdf; Doc 27b -Generated By TerraCom--Clowers\_June\_Residual Commission\_Report.xlsx; Doc 31 Generated By TerraCom - Disk- Clowers\_July\_Residual Commission\_Report 2013 -Lower Than June.xlsx; Email- (Doc 9)-IssueWithAgentSellingPhoneAndPenalty.pdf; Email-10-TerraComAcknowledgesClowersCommunicationsCommitmentToCompliance.pdf; Email-11a-AgentIssue [REDACTED].pdf; Email-Doc 13-AskingCCLLCToDoMoreActivations.pdf

**Importance:** High

**From:** Ziegner, David  
**Sent:** Thursday, February 20, 2014 9:49 AM  
**To:** Veleta, David E  
**Subject:** FW: Letter of Complaint To USAC, FCC, and Public Utility Commission w/ Supporting Documents  
**Importance:** High

**From:** [gary@clowerscommunications.com](mailto:gary@clowerscommunications.com) [<mailto:gary@clowerscommunications.com>]  
**Sent:** Thursday, February 20, 2014 9:45 AM  
**To:** [landis@urc.in.gov](mailto:landis@urc.in.gov); Mays, Carolene; Ziegner, David; [b.anthony@occemail.com](mailto:b.anthony@occemail.com); [d.murphy@occemail.com](mailto:d.murphy@occemail.com); [p.douglas@occemail.com](mailto:p.douglas@occemail.com)  
**Cc:** Attorney Muhammad  
**Subject:** Letter of Complaint To USAC, FCC, and Public Utility Commission w/ Supporting Documents  
**Importance:** High

Good morning,

To members of USAC, FCC, and Public Utility Commissions, although I have an attorney who is representing my company in a civil lawsuit against TerraCom Civil Action No. 1:2014cv00291 filed in the United States District Court for the Northern District of Georgia, I've decided to write this letter as a formal complaint against



TerraCom/YourTel/SkyCom to for its blatant mischaracterization Clowers Communications, LLC agent network as a network with compliance issues.

Further, the failure to pay commissions, the creation of fraudulent inventory reports, the misrepresentation of commission reports and the intentional delay to pay residual commissions in order to pay out less are acts committed against my company. We believe that Clowers Communications, LLC and its agent's reputation have been egregiously injured by our association and distribution opportunity with YourTel-TerraCom-SkyCom and its decision to shutdown the agent program with blame for that decision to shutdown being compliance issues with its agent network of which we were a part of. Thus placing Clowers Communications, LLC under the umbrella of suspicion for compliance violations and fraud waste and abuse allegations. This has made it very difficult for us to secure significant distribution opportunities with other Lifeline Providers and caused a tremendous decrease in revenue. We have also suffered tremendous loss of revenue due to TerraCom's decision to withhold commissions based upon what we believe are fabricated inventory reports. I simply want the governing bodies to hear "our side"-the agents and master agents- and make a decision on whether a company such as YourTel-TerraCom-SkyCom is suited for the Lifeline Program and whether they should continue to operate as an ETC/Lifeline.

I have always felt compelled after reading many of the statements concerning the shutdown of TerraCom/YourTel to address the "issue" of its contracted agents, especially as it relates to Clowers Communications, LLC. As one of TerraCom/YourTel major distributors, I believe I am qualified and justified in addressing, what I believe is the intentional misrepresentation of the truth by TerraCom's top brass, [REDACTED] concerning its agent program as it relates to fraud, waste, and abuse of the lifeline program.

In a letter to my company, it states that

**From:** [REDACTED]  
**Date:** Fri, 28 Jun 2013 06:34:36 -0700  
**To:** gary@clowerscommunications.com<gary@clowerscommunications.com>  
**Subject:** ACTION REQUIRED: Clowers Agent Agreement (CONFIDENTIAL)

June 27, 2013  
Gary Clowers  
1572 Hwy. 85 N., Suite 305  
Fayetteville, GA 30214  
RE: Agent Agreement (CONFIDENTIAL)  
Dear Mr. Clowers,

As you are aware, both TerraCom, Inc. and YourTel America, Inc. have relied on a successful agent network to expand their subscriber base for Lifeline services. That portion of the company's business relies on funding from the FCC and USAC to support these services. Although TerraCom and YourTel have the strongest protections in the industry to root out waste, fraud, and abuse, it is apparent that recent media attention targeting compliance by agent networks could threaten TerraCom and YourTel's standing with the FCC and/or USAC with an immediate notice of such a change.

As a result, the company is terminating all Agent Agreements effective July 1, 2013. We will begin the termination process outlined in the Agreement, including final commissions, handset returns and reconciliation, and the return of company marketing materials. Sales by your company through June 30 will be honored and commissions included in this termination process.

We appreciate the work your company has done to help grow our subscriber base, but are, unfortunately, not in a position to continue our commitment to you given the recent USAC notice. We are fully cooperating with USAC's request and are confident in a positive outcome in the near future. As soon as we know more we will contact you to discuss our strategic plans for the future.

Sincerely,

① [Redacted]

Sustainability,

① [Redacted]

TerraCom & Yourtel Wireless

② [Redacted]

As duly noted, the reason or justification for TerraCom's decision to shutdown its agent program was that its agents network was being targeted by media. Was there a real issue with its agents compliance? Or were the agents used as a scapegoat to cover for internal issues, and to make the FCC, USAC, PUCs, and media think they were being "Proactive" in policing and eliminating problems. From an order entry perspective, TerraCom utilized one of the best fraud prevention portals that's available known as VCARE. With this system there are multiple features that each order must pass in order to be approved. (1) Identity Validation through Lexis Nexis, (2) Address Validation through Melissa Data, (3) Duplication Prevention – within VCARE or TerraCom's database, (4) Upload ID and Proof of Benefit, (5) Electronic Signature, (6) Live Review, (7) Approval or Denial, (8) Phone Activated and Issued, (9) Activation Call Made.

① This system was implemented according to [Redacted] in 2012 for the purpose of making its lifeline program more compliant due to TerraCom's issues with fraud and duplication. As a master distributor, this system is in my opinion one of the best to use to process orders under the lifeline program. The only thing its missing is the ability to "dip into" - "check" a national database for duplication. With the above said and understanding the system that was in place, any agent who processed an order utilizing it could not create "fake" accounts as each person they signed up (1) had to be present, (2) had to have a valid ID, (3) had to have proof of benefit, (4) had to sign (electronic signature), (5) the information had to be review in "real-time" then approved or denied (6) and thereafter received a phone if approved. So where was the so-called compliance issue? The only foreseeable issues of compliance for TerraCom/YourTel/SkyCom are that they allowed almost any and everyone to distribute phones for them without taking the agents through a formal "compliance" training and thereafter overseeing the agent's activity when out in the field. The only thing they trained on and monitored was the orders being inputted as this was, to me, their only concern.

① In fact, this is one of the issues I addressed with [Redacted] in a phone conference where I reported from my field agents that in St Louis, Baton Rouge, and New Orleans there were agents distributing phones for TerraCom but also signing up the same customers for Access and Safelink at the same time and location. And their response to me was worry about your people. I also addressed the issue of allowing any individual who wants to distribute phones to become a master distributor without any kind of supervision just coming into the industry, getting phones, and being out there without any accountability. I recommended to Darrel to hire compliance officer(s) who trained the agents and periodically visited their sites or locations or requested site audit photos of locations; however, to my knowledge that never happened.

① What I learned about TerraCom is that whenever issues surfaced related to agents they were reactive instead of proactive. According to [REDACTED] and [REDACTED], they didn't really have to shut down the agent program but Dale Schmick was very persistent in wanting to do so because he (Dale) wanted the company to "fly below the radar" due to the possibility of other internal issues that could be discovered related to their Oklahoma, Missouri, and Indiana subscriber base which could cause them to be completely shutdown. They never divulged the issue(s) but did reluctantly and hesitantly acknowledge a few issues existed. In our phone conference, I said you guys gotta give me more than this because companies don't just shutdown because of what agents do unless there are some other things going on. And after saying that, there was a moment of brief silence, Rob started out and Darrel finished with admitting the aforementioned. (See Doc 2 "Fly Below The Radar")

Now since TerraCom only had an order entry training program, all the agents who worked with my company, was trained on compliance by us, and thereafter supervised by my company. I'm not saying all my agents were "angels" out in the field but when issues arose we were able to address them without a shutdown. In fact there were instances of where we caught agents attempting to sell the free phones, working with other providers in the same state while working with Clowers Communications, LLC but we never shutdown. (See Doc 9, 10 pgs 3-4, 11a, 11b, 12a, 12b) We strove to be 100% compliant all the time and even TerraCom acknowledged our commitment to compliance. (See Doc 10 pg 2) You may also visit our website at [www.lifelinedistributor.com](http://www.lifelinedistributor.com) to see video and agent ethical conduct pledge.

So if Clowers Communications, LLC can address and resolve misconduct issues related to field agents and other providers can do likewise, why couldn't TerraCom do the same? Perhaps they were attempting to hide something bigger? Perhaps they just don't have what it takes to enforce compliance or even want to enforce it? And/or perhaps they wanted to use the agents to add to their subscriber base, terminate them and then ride the money train generated from the (agents) work? I know my company never received any kind of required compliance signage or material from YourTel-TerraCom-SkyCom; however, we did receive marketing material to "brand" their company. (See Doc 18) The compliance signage was something I purchased and sent to every one of my agent's locations after they refused to issue it to us. So in essence what I'm saying is the biggest issue TerraCom has ever had with compliance from an agent is their unwillingness to train and enforce compliance on its agent network. I respectfully assert that the agents who used this system was not the issue and their firing or termination was used as a cover. We believe that it was YourTel-TerraCom-SkyCom's drive to make money (Greed) over what matters (Principles, Policy, and the Enforcement of) is, has always  
① been, and will always be the issue if allowed to remain a provider. (See Doc 13) To remedy the issue of enforcing compliance, I suggested in an email to [REDACTED] to allow my company to assume full responsibility of distribution and enforcement of compliance. (See Documents 1, 2, 3)

Additionally, another issue we have with TerraCom is not only how they shutdown the agent program but whether it was actually used to deprive my company of its legitimate right to new subscriber commissions and residuals from customers we added to its database. This is a matter we have attempted to work out with TerraCom however, they have refused to acknowledge any error on their part in calculating major inventory discrepancies against us and intentionally delaying by one month residuals owe to Clowers Communications, LLC per the agreement even when active. This is a matter that may have to be settled in court however, I would like to apprise the recipients of this letter of TerraCom's practice in cooking the books to benefit TerraCom to the detriment of whomever. Perhaps they did the same with the form 497s? Something to think about!!!

③ Clowers Communications, LLC added approximately [REDACTED] new subscribers for TerraCom within a 9 month period. In March of 2013 TerraCom and Clowers Communications, LLC renewed its original to contract to an agreement with a 3 year term. (See Document 14 pg 3) In this agreement, the terms of termination states that if TerraCom determines that if a sub-agent of Clowers Communications, LLC threatens its standing with the FCC/USAC this is grounds for termination if the matter is not corrected within 7 days. In actuality, the contract has no language contained that

would allow either party to outright terminate even if they didn't want to be in a contractual obligation within the 3 year term. The contract is automatically renewed yearly. The residual component is retroactive to the actual original starting month of November for the life of the customer as long as the Clowers Communications, LLC remains active and in good standing. (See Document 14 pgs 3, 4, 5) We submit the following as our positions:

1. There are no records or correspondence of any type sent from TerraCom at anytime notifying Clowers Communications, LLC that any of its agents threatened its standing with the FCC/USAC.
2. There are no records or correspondence of any type sent from TerraCom at anytime notifying Clowers Communications, LLC that it or its agents had committed acts that would place or have placed it in bad standing with YourTel-TerraCom-SkyCom.
3. Since this was a volunteer or self imposed shutdown of its (TerraCom) agent program, and Clowers Communications, LLC was in good standing and active at that time, Clowers Communications, LLC should not be barred or precluded from receiving its monthly residuals for all active accounts.
4. Since a 3 year agreement existed and was breached by TerraCom, Clowers Communications, LLC should be entitled to compensation for its commitment to the agreement (A Buy Out/Settlement). This compensation should be determined by the 3 year potential income projection that shows estimated \$12,000,000.00 potential earnings. (See Doc 30)

④  
⑤ As for inventory, TerraCom alleges that Clowers Communications, LLC has outstanding inventory in excess of [REDACTED] remaining after withholding nearly [REDACTED] in commissions. ( See Document 14 pg 1, 2) In the reports submitted to Clowers Communications, LLC , TerraCom uses missing or unreturned ESNs and MDNs to justify withholding new activation commission and residuals. They refuse to look at the actual numbers. In our explanation to them using their own documents and emails we simply outlined the impossibility of any outstanding inventory that would justify holding such a large amount of new activation commissions and residual commissions. We also question whether TerraCom, breached contract with the shutdown, whether Clowers Communications, LLC is entitled to residuals after self-imposed shutdown, whether Clowers Communications, LLC is entitled to compensation for the remaining term of the 3 year agreement using projected activation income and projected residual income computations to determine the amount owe, whether TerraCom fabricated inventory reports, whether TerraCom's management conspired to defraud Clowers Communications of commissions on both new activations and residuals, whether TerraCom displayed a pattern of fraudulently miscalculating commissions to short Clowers Communications, LLC for 4 consecutive months prior to shutdown. (See Document 16)

① **Fabricated Inventory Reports:** According to email correspondence between [REDACTED] and Clowers Communications, LLC in April Clowers Communications had [REDACTED] phones in system inventory based upon the system inventory spreadsheet from 3.29.2013 (See Doc 5a, 5b) From April to June Clowers Communications requested and received approximately [REDACTED] additional phones. (See Doc 6) Since there was an actual reconciliation in April the amount of [REDACTED] and [REDACTED] total [REDACTED] phones shipped to Clowers Communications. ( See Doc 5a,5b, 6) Clowers Communications between the months of April and June added approximately [REDACTED] new subscribers and returned over [REDACTED] phones with proof of delivery. (See Doc 7, 8, 9—*Must be filtered or sorted according to date*) Although our numbers for the amount of activations show we activated [REDACTED] of what was shipped to us from April – June and what was on hand on 3/29/2013, we received a  
④  
③ inventory report from [REDACTED] on July 1<sup>st</sup> 2013 which showed an outstanding inventory balance of [REDACTED] phones. (See Doc 15, 15b) In conclusion, TerraCom could show us with an outstanding inventory; however, they have never shown how and where the phones came from. We submitted all supporting documentation and TerraCom has refused to acknowledge any errors on their part and refuse to pay.

**Compensation--Commission & Residual:** We often question their motive for the shutdown, especially as it relates to Clowers Communications. We believe they used the shutdown not only as a cover for company misconduct but also as a

way to terminate a contract that would've eventually had them paying out large sums of residual commissions to Clowers Communications, LLC had the contract continued for the term of 3 years. (See Doc 30 Projected New Activations & Residuals) We believe they fabricated inventory reports to justify not paying the final new activation commission and increased the outstanding balance by enough so that they wouldn't have to pay out the residuals for months to come. In fact their actions of intentionally delaying residual payout from the onset of the new agreement demonstrate their lack of desire to pay. (See Docs - 23a, 23b, 23c, 25a, 25b, 25c, 27a, 27b) Further, it was not long after Clowers Communications, LLC began to question the delay in paying residual commissions and the continuous shortfall that the contracts were terminated. (See Doc 26) On June 24<sup>th</sup> 2013 we began to question TerraCom concerning residual commission payout, on June 26<sup>th</sup> they discontinued shipping phones, then on June 27<sup>th</sup> they sent letters announcing shutdown of agent program. According to the residual pay structure Clowers Communications is to receive a [REDACTED] residual commission for a each customer who remains on in the [REDACTED] month. (See Doc 14 pg 5) For example, [REDACTED]

5

[REDACTED]

We raised the question concerning calculation of residual and actually stated that they delayed the residual payout by one month was to avoid a larger residual commission pay to Clowers Communications, LLC. For example, in emails from [REDACTED] where he s [REDACTED]

1  
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[REDACTED] of which Clowers Communications, LLC only received

1

[REDACTED] (See Doc 27a, 27b) [REDACTED]

5

[REDACTED]

should've been [REDACTED], however, Clowers Communications, LLC only received [REDACTED] Then

5

[REDACTED]

5

The data section on each excel spreadsheet report show [REDACTED]

[REDACTED] for Clowers Communications, LLC should've been [REDACTED]

subscribers who remained on from the months of [REDACTED]

[REDACTED] The correct amount is [REDACTED]

Clowers Communications, LLC was paid a total of [REDACTED]

however, CC, LLC should've received the months of [REDACTED]

[REDACTED] Due to the intentional delay in paying commissions CC, LLC was shorted

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] The full term of the 3 year agreement [REDACTED] considering

5

existing subscribers and new activation of nearly [REDACTED] even without considering the addition of new subscribers and the associated residual, [REDACTED]

[REDACTED]

[Print](#) | [Close Window](#)

Subject: Re: Proposal  
From: gary@clowerscommunications.com  
Date: Sat, Jun 29, 2013 1:03 pm  
To: [REDACTED]

12

Except Wednesday. My stepmother passed, and her funeral service will be held Wednesday at 2p.

Thanks  
Sent on the Sprint@ Now Network from my BlackBerry@

From: "I"  
Date: Sat, 29 Jun 2013 09:03:32 -0700  
To: gary@clowerscommunications.com<gary@clowerscommunications.com>  
Subject: Re: Proposal

Just landed in OKC. I will respond this weekend.

Thanks,

IMPORTANT - This e-mail message is intended only for the use of the individual or entity to which it is addressed, and may contain information that is privileged, confidential, subject to any confidentiality agreements and exempt from disclosure subject to any confidentiality agreements or under applicable law. If you are not the intended recipient, you are hereby notified that we do not consent to any reading, dissemination, distribution or copying of this e-mail message. If you have received this communication in error, please notify the sender immediately by return e-mail, delete this e-mail, delete the transmitted information and destroy any copies. Any dissemination or use of this information by a person other than the intended recipient is unauthorized and may be illegal. Violators may be prosecuted.

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On Jun 29, 2013, at 10:25 AM, "gary@clowerscommunications.com" <gary@clowerscommunications.com> wrote:

Good morning,

Just wanted to know if you would be interested in investing in my company or helping it get setup as a lifeline provider. This of course would completely limit your exposure, as my company would be the front for distribution. With your assistance, CCLLC company could apply in a few states to get started and gradually expand. I am unsure as to which states are the easiest to get approval; however, the resources you used to get established could be of great assistance in getting this joint venture up and running.

We have all the necessary ingredients to get another company up and running, and doing according to FCC rules and regulations.

On the other hand, give me an opportunity to manage TerraCom's lifeline program for 90 days. I am confident I can get this company fully compliant and remain compliant within 7-10 days. We will not become operational until we have a set standard in place and the ability to enforce it. I will keep my team as the sole distributor, as I trust each manager to hire the right people to do the right thing.

Give me the opportunity. I can do this. I know I can. I will need your complete support and backing regardless to whom or what. As long as I am doing things right.

**Gary A. Clowers Sr.**  
Main: 866-580-3864  
Cell: 770-900-3532  
Fax: 866-590-3672  
Website: [www.lifelinedistributor.com](http://www.lifelinedistributor.com)

"Whenever you find a person that is Dependable, Loyal, Able, Has A Positive Mental Attitude, Goes The Extra Mile, and Applies His or Her Faith, You Are In The Presence of Royalty."

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Subject: Response to email to  
From: '  
Date: Wed, Jul 03, 2013 4:05 pm  
To: "gary@clowerscommunications.com" <gary@clowerscommunications.com>  
Cc: [REDACTED]

①  
②

Mr. Clowers, [REDACTED] is out of the office with a minor emergency and hasn't responded your email from the weekend.

At this time, we will not be able to continue with the contractual relationship. We've exhausted all thoughtful avenues to find a way to move forward however it's in the best interest of TerraCom/YourTel fly below the radar until the outcome of our funding is decided.

We're very much appreciative of your organizations commitment to the partnership however there is too much a stake at the moment to proceed with our agent program. If anything changes over the next 30-60 days we'll keep your organization in mind. In that same spirit, please work with your organization to return all assets expeditiously, our shareholders are committed to making your organization whole for the work you've done, once the inventory is reconciled.

Please call/email with additional questions and/or concerns.

Sustainability,  
[REDACTED]  
[REDACTED]  
TerraCom & Yourtel Wireless  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

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Subject: Re: Proposal

From: [REDACTED]

Date: Sat, Jun 29, 2013 12:03 pm

To: "gary@clowerscommunications.com" <gary@clowerscommunications.com>

02

Just landed in OKC. I will respond this weekend.

Thanks,

[REDACTED]

IMPORTANT - This e-mail message is intended only for the use of the individual or entity in which it is addressed, and may contain information that is privileged, confidential, subject to any confidentiality agreements and exempt from disclosure subject to any confidentiality agreements or under applicable law. If you are not the intended recipient, you are hereby notified that we do not consent to any reading, dissemination, distribution or copying of this e-mail message. If you have received this communication in error, please notify the sender immediately by return e-mail, delete this e-mail, delete the transmitted information and destroy any copies. Any dissemination or use of this information by a person other than the intended recipient is unauthorized and may be illegal. Violators may be prosecuted.

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We have all the necessary ingredients to get another company up and running, and doing according to FCC rules and regulations.

On the other hand, give me an opportunity to manage TerraCom's lifeline program for 90 days. I am confident I can get this company fully compliant and remain compliant within 7-10 days. We will not become operational until we have a set standard in place and the ability to enforce it. I will keep my team as the sole distributor, as I trust each manager to hire the right people to do the right thing.

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**Gary A. Clowers Sr.**  
Main: 866-580-3864  
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Fax: 866-590-3672  
Website: [www.lifelinedistributor.com](http://www.lifelinedistributor.com)

"Whenever you find a person that is Dependable, Loyal, Able, Has A Positive Mental Attitude, Goes The Extra Mile, and Applies His or Her Faith, You Are In The Presence of Royalty."



Clowers Communications LLC

Jonesboro, Ga. 30238

770-900-3532

6/24/2013

## Letter of Termination

Date: 6/24/2013

To: Reginald D. Strobe

Clowers Communications LLC hereby terminates the contract between it and Reginald D. Strobe an Independent Sub-Contractor.

Mr. Reginald D Strobe of 8668 Kathlyn Dr Berkeley MO 63134 is hereby terminated on 6/24/2013 for attempting to sell a Lifeline Program free cell phone to an individual, as reported by his supervisor Christopher Watson. This incident is rated as a severe violation and warranted immediate termination.

### Incident Report Summary:

On 6/20/2013 Mr. Strobe was distributing phones. During a routine site visit, I observed and heard Mr. Strobe offering to sell a customer a free cell for \$25.00. He told the customer, he couldn't qualify him but if he gave \$25.00 he could bypass the system and give him an upgraded phone. This was actually a way to convince the customer to buy a phone he already had qualified for as there is no way to bypass the system that we know of due to (1) Identity Validation, (2) Address Validation, (3) Duplicate Check within the TerraCom/YourTel system. I immediately shutdown his location and asked him to turn in all of his equipment. I reported the incident to my manager Mr. Gary Clowers.

### Option:

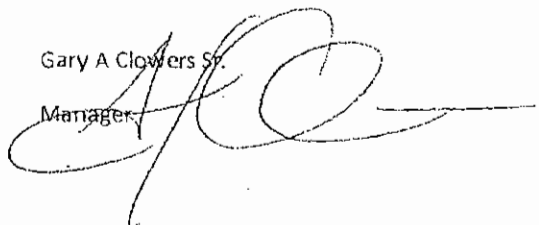
You may appeal the decision in writing within 5 business days.

You are hereby ordered per agreement to turn in all equipment (phones), uniforms, and marketing material bearing the name and/or logo of TerraCom/YourTel and/or Clowers Communications. Upon receipt of all inventories, your final payment shall be sent via direct deposit.

This independent contract agreement is hereby terminated on this 24 day of June, 2013.

Gary A Clowers Sr.

Manager



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①  
②

**Subject:** Incident In Missouri (Agent Fired For Attempting To Sell A Phone)

**From:** gary@clowerscommunications.com

**Date:** Wed, Jul 10, 2013 12:14 pm

**To:** [REDACTED]

**Cc:** [REDACTED]

**Attach:** IMG.pdf

I wanted to forward you all this termination letter we executed on 6/24/2013 for Reginald Strode. We had no idea this guy would go on TV with the BS. The site Chris showed him was Melissa Data not Zillow. He did an address search because the customer's address on the ID wasn't pulling up in the system. If you look at the clip, he never shows Chris's screen while out in the field but rather his screen at home.

**Gary A. Clowers Sr.**  
**Main: 866-580-3864**  
**Cell: 770-900-3532**  
**Fax: 866-590-3672**  
**Website: [www.lifelinedistributor.com](http://www.lifelinedistributor.com)**

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6

S.NO#	PO_NUMBER	MASTER DISTRIB	RETAILE	PHONE_	PHONE_	PHONE_	PHONE_
1	DATER2013040734	SKYCOM T1003	[REDACTED]	V Free	2000	#### 2000	#####
2	DATER2013041456	SKYCOM T1003	[REDACTED]	Free	1000	#### 1000	#####
3	DATER2013041457	SKYCOM T1003	[REDACTED]	L Free	600	#### 500	#####
4	DATER2013041876	SKYCOM T1003	[REDACTED]	D Free	2000	#### 1800	#####
5	DATER20130421108	SKYCOM T1003	[REDACTED]	J Free	500	#### 500	#####
6	DATER20130421109	SKYCOM T1003	[REDACTED]	S Free	2500	#### 1392	#####
7	DATER20130421110	SKYCOM T1003	[REDACTED]	D Free	2500	#### 1000	#####
8	DATER20130425148	SKYCOM T1003	[REDACTED]	J Free	500	#### 500	#####
9	DATER20130427177	SKYCOM T1003	[REDACTED]	G Free	400	#### 400	#####
10	DATER20130429183	SKYCOM T1003	[REDACTED]	J Free	750	#### 700	#####
11	DATER20130429184	SKYCOM T1003	[REDACTED]	C Free	300	#### 300	#####
12	DATER20130507244	SKYCOM T1003	[REDACTED]	J Free	1000	#### 1000	#####
13	DATER20130507247	SKYCOM T1003	[REDACTED]	L Free	1500	#### 1500	#####
14	DATER20130507248	SKYCOM T1003	[REDACTED]	L Free	1500	#### 1500	#####
15	DATER20130508262	SKYCOM T1003	[REDACTED]	Free	3000	#### 1500	#####
16	DATER20130508263	SKYCOM T1003	[REDACTED]	D Free	2000	#### 1500	#####
17	DATER20130508264	SKYCOM T1003	[REDACTED]	J Free	1000	#### 700	#####
18	DATER20130508265	SKYCOM T1003	[REDACTED]	C Free	300	#### 300	#####
19	DATER20130514309	SKYCOM T1003	[REDACTED]	J Free	1000	#### 1000	#####
20	DATER20130514311	SKYCOM T1003	[REDACTED]	T Free	1000	#### 1000	#####
21	DATER20130515313	SKYCOM T1003	[REDACTED]	S Free	1000	#### 1000	#####
22	DATER20130517364	SKYCOM T1003	[REDACTED]	S Free	2500	#### 2500	#####
23	DATER20130520369	SKYCOM T1003	[REDACTED]	Free	1500	#### 900	#####
24	DATER20130522398	SKYCOM T1003	[REDACTED]	N Free	500	#### 500	#####
25	DATER20130522399	SKYCOM T1003	[REDACTED]	Free	1000	#### 800	#####
26	DATER20130523411	SKYCOM T1003	[REDACTED]	T Free	333	#### 333	#####
27	DATER20130523412	SKYCOM T1003	[REDACTED]	T Free	253	#### 253	#####
28	DATER20130523413	SKYCOM T1003	[REDACTED]	S Free	2000	#### 1500	#####
29	DATER20130523414	SKYCOM T1003	[REDACTED]	T Free	388	#### 388	#####
30	DATER20130523415	SKYCOM T1003	[REDACTED]	Free	1000	#### 1000	#####
31	DATER20130523416	SKYCOM T1003	[REDACTED]	Free	700	#### 700	#####
32	DATER20130523417	SKYCOM T1003	[REDACTED]	Free	1000	#### 1000	#####
33	DATER20130523419	SKYCOM T1003	[REDACTED]	Free	1200	#### 1200	#####
34	DATER20130529462	SKYCOM T1003	[REDACTED]	Free	500	#### 500	#####
35	DATER20130604515	SKYCOM T1003	[REDACTED]	V Free	500	#### 200	#####
36	DATER20130604516	SKYCOM T1003	[REDACTED]	Free	200	#### 200	#####
37	DATER20130604519	SKYCOM T1003	[REDACTED]	Free	2500	#### 500	#####
38	DATER20130605534	SKYCOM T1003	[REDACTED]	N Free	219	#### 219	#####
39	DATER20130606543	SKYCOM T1003	[REDACTED]	D Free	2500	#### 2000	#####
40	DATER20130606555	SKYCOM T1003	[REDACTED]	J Free	2000	#### 1700	#####
41	DATER20130606556	SKYCOM T1003	[REDACTED]	S Free	500	#### 400	#####
42	DATER20130606557	SKYCOM T1003	[REDACTED]	Free	500	#### 500	#####
43	DATER20130612641	SKYCOM T1003	[REDACTED]	Free	750	#### 700	#####
44	DATER20130613655	SKYCOM T1003	[REDACTED]	J Free	2500	#### 500	#####
45	DATER20130618707	SKYCOM T1003	[REDACTED]	Free	750	#### 400	#####

6

46

DATER20130620722

SKYCO: [REDACTED]

CT1014 L Free

2000

#### 600

#####

4

TRACKING_NUMBER	ORDER	ORDER_STATUS
COMPLETE [REDACTED] V 4.15.13	Ship	New
COMPLETE [REDACTED] 4.17.13	Ship	New
COMPLETE [REDACTED] 1.18.13	Ship	New
complete [REDACTED] .23.13	Ship	New
COMPLETE [REDACTED] 5.6.13	Ship	New
COMPLETE [REDACTED] ! RCV 4.26.13	Ship	New
Complete [REDACTED] rcv 4.30.13	Pick UP	New
COMPLETE [REDACTED] CV 5.6.13	Ship	New
COMPLETE [REDACTED] RCV 5.2.13	Ship	New
COMPLETE [REDACTED] RCV 5.6.13	Ship	New
COMPLETE [REDACTED] RCV 5.6.13	Ship	New
partial shipment [REDACTED] RCV 5.10.13	Ship	New
PARTIAL SHIP [REDACTED] 5.15.13- OWI	Ship	New
PARTIAL SHIP [REDACTED] 5.15.13 - OW	Ship	New
Shipped [REDACTED] 5.18.2013	Ship	New
SHIPPED TOTAL [REDACTED] - 500 RCV	Ship	New
COMPLETE [REDACTED] RCV 5.16.13	Ship	New
COMPLETE - [REDACTED] RCV 5.16.13	Ship	New
PARTIAL SHIP [REDACTED] 5.20.13- OWI	Ship	New
partial shipment [REDACTED]	Ship	New
Shipped [REDACTED] TOTAL - RCV 700	Ship	New
SHIPPED [REDACTED] RCV 5.28.13	Ship	New
partial shipmer [REDACTED] RCVD 5.28	Ship	New
partial shipmer [REDACTED] RCV 6.4.13	Ship	New
SHIPPEI [REDACTED] 5.4.13	Ship	New
Shippe [REDACTED] 6.5.13	Ship	New
Shipped [REDACTED] 5.6.2013	Ship	New
Activated [REDACTED]	Ship	Approv
Shippec [REDACTED] 27.13	Ship	New
Pick up BDI NO BOX NO TRK PR	Ship	New
partial shipment [REDACTED] .28.13 RC	Ship	New
Activated PICK UP NO DT OR BC	Ship	New
SHIPPED [REDACTED] 5.28.13 RCV 5.30	Ship	New
SHIPPED 6.17.13 NO BOX NO TF	Ship	New
APPROVED	Ship	Approv
SHIPPED 6.17.13 NO BOX NO TF	Ship	New
APPROVED	Ship	Approv
SHIPPED 6.17 NO BOX NO TRK	Ship	New
Shipped [REDACTED] 6.18.13	Pick UP	New
Shipped [REDACTED] 6.20.2013	Ship	New
Shipped [REDACTED] 6.18.13	Ship	New
SHIPPED [REDACTED] 6.19.2013 Ashley	Ship	New
SHIPPED 6.17.13 NO BOX NO TF	Ship	New
Shippec [REDACTED] 6.20.13	Pick UP	New
Picked up [REDACTED] 6.19.2013	Ship	New

APPROVED

4

Ship Approve 0



0











~~XXXXXXXXXX~~ HARTZOG CONGER  
~~XXXXXXXXXX~~ CASON & NEVILLE

August 26, 2013

*Via Certified Mail – Return Receipt Requested, U.S. Mail and E-Mail*

Clowers Communications, LLC ([gary@clowerscommunications.com](mailto:gary@clowerscommunications.com))  
1572 Hwy. 85 N., Suite 305  
Fayetteville, GA 30214  
Attn: Gary Clower

Dear Mr. Clower:

① Our firm represents YourTel America, Inc. ("YourTel"), Terracom Inc. ("Terracom") and Skycom USA, LLC ("Skycom USA") ("YourTel, Terracom and Skycom USA" collectively referred to as "Skycom"). Skycom and Clowers Communications, LLC ("Clowers") entered into that certain Terracom-YourTel America Merchant Agreement dated March 21, 2013 (the "Merchant Agreement"). A copy of the Merchant Agreement is attached hereto as Exhibit "A". On or about June 27, 2013, Skycom, through its representative [REDACTED], send an email to you indicating its intent to terminate the Merchant Agreement effective as of July 1, 2013 (the "Termination Email"). A copy of the Termination Email is attached hereto as Exhibit "B". In this Termination E-mail, Skycom indicated that it would follow the termination process outlined in the Merchant Agreement.

⑤ I understand that over the last several weeks, Skycom and Clowers have had various communications regarding the amounts owed pursuant to the Merchant Agreement. Terracom has gone to considerable lengths to correctly determine [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]


[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

 HARTZOG CONGER  
CASON & NEVILLE

"Clowers Communications T1003\_Y1003" on the disk entitled Exhibit "C" and enclosed herewith. Skycom has confirmed the correctness of these amounts and its external auditors have also confirmed these numbers. Further, a spreadsheet (with 7 separate tabs) including the details of the residuals owed by Terracom to Clowers is saved as "Clowers\_Julu\_Residual Commission\_Report 2013" on the disk entitled as Exhibit "C".

Also, for your convenience, a spreadsheet (with five separate tabs) including the details of the phone inventory sent to Clowers is saved as "Clowers Communications Phone Inventory 8-20-13) on the disk entitled Exhibit "C". This spreadsheet was prepared by Terracom and YourTel to substantiate the chargebacks owed by Clowers to Terracom and YourTel.

5

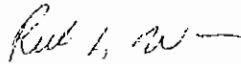
~~\_\_\_\_\_~~  
~~\_\_\_\_\_~~  
~~\_\_\_\_\_~~  
~~\_\_\_\_\_~~

Based on this information, we look forward to working with you to continue locating missing units to offset this balance so this account can be closed.

Please feel free to contact me with any questions you may have. As Skycom has referred this matter to our firm, please direct all contacts and inquiries to the undersigned.

Sincerely,

HARTZOG CONGER CASON & NEVILLE



Rick L. Warren

RLW:ckm  
Enclosures

1

cc: ~~\_\_\_\_\_~~ (e-mail)  
~~\_\_\_\_\_~~ (e-mail)  
~~\_\_\_\_\_~~ (mail)

**TERRACOM-YOURTEL AMERICA MERCHANT AGREEMENT**

THIS AGREEMENT, dated this March 21, 2013 through April 1, 2016, between SKYCOM USA, LLC (marketing agent for TerraCom, Inc. & YourTel America, Inc., and hereafter "SKYCOM, USA, LLC") a US company registered in Oklahoma and having its principle business address at 401 E. Memorial, Suite 500, Oklahoma City, OK 73114 and Clowers Communication LLC a Georgia based Corporation having its principle address at 1572 Hwy. 85 N., Suite 305, Fayetteville, GA 30214 (hereafter "C.C., LLC"). This agreement governs SKYCOM USA's enrollment of subscribers for Lifeline service provided by C.C., LLC. This Addendum is intended to ensure that C.C., LLC complies with applicable rules of the Federal Communication Commission ("FCC"), SKYCOM USA's Partners practices/procedures and applicable rules of the relevant state regulatory commission.

Therefore, in reliance upon the foregoing Background Statement, C.C., LLC and SKYCOM USA hereby agree to the following terms:

1. **Engagement.** SKYCOM USA hereby engages C.C., LLC as an Independent Merchant to sell the third party products and services offered through SKYCOM USA and its partners. Your engagement is exclusive in existing states and first right of refusal in future states. SKYCOM USA reserves the right, without obligation to you, to market, sell and deliver our services through our own personnel, other independent sales contractors, multi-level marketing organizations or any other sales channel.

2. **Your Service.** In accordance with our Instructions, C.C., LLC will submit orders for Lifeline Service Provider provided communication services and promptly transmit such customer orders as instructed. C.C., LLC will perform your services hereunder in a diligent, workmanlike manner.

3. **Policies, Procedures and Instructions.** C.C., LLC will obtain and transmit all customer orders and engage in all related marketing activities strictly in accordance with the policies, procedures and instructions (whether written or oral) from time to time set forth by SKYCOM USA.

4. **Payment.** Amounts owed to C.C., LLC will be made via ACH Procedures set forth in the ACH Transaction Agreement. SKYCOM USA will provide C.C., LLC with a summary of transactions (the Transaction Summary) for the previous business week/s, which will include your commission amount, and our net amount due. SKYCOM USA will initiate an entry by means of the ACH for the net amount due us (gross merchant transaction, less commissions due) upon each payment cycle.

5. **Compensation.** SKYCOM USA will pay compensation to you in accordance with the compensation plan attached as Schedule 1. SKYCOM USA may change the Compensation Plan anytime based either on written mutual agreement or changes to the USAC support provided to the company. Changes to the compensation that are based on USAC support changes will be directly proportional to those changes. All changes in the compensation plan will receive a 30 day notice and changes are based on the order submission date.

6. **Term and Termination.** C.C., LLC engagement as a Lifeline Service Provider will commence on the date of this Agreement and continue for thirty six (36) months, with 1 year annual renewals on the anniversary date. Either party, may terminate this agreement for breach and the breaching party will have (7) days to cure such breach upon receiving a written notice breach via email and a registered certified letter. SKYCOM, USA at its sole discretion may choose to terminate C.C., LLC's agreement at any time if it deems that a sub-agent may threaten the SKYCOM's standing with the FCC/USAC or local Public Utility Commission, or at such time either TerraCom, Inc or YourTel America, Inc are no longer certified by the FCC/USAC, provide Lifeline service or either company ceases to operate. The term will automatically renew on the anniversary of the execution of this agreement unless a formal notice note to renew is sent and received 30 days prior to the anniversary date.

Gary Clower

Initials 

Page 1

EXHIBIT

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7. **Effect of Termination.** Upon termination of this Agreement, all licenses granted hereunder will immediately terminate, C.C., LLC will immediately cease any selling and marketing efforts on SKYCOM USA's behalf and C.C., LLC will cease identifying yourself as a "Lifeline Service Provider." Any outstanding balances to SKYCOM are required to be reconciled with any outstanding balances due to C.C., LLC. Once reconciled, any balances owed to either party following reasonable time frame in which all consigned inventory can be returned and credited, all balances owed will be paid in full.

8. **Sales & Marketing Materials.** The C.C., LLC will use only those sales and marketing materials provided or approved by us.

9. **Independent Contractor.** The C.C., LLC's relationship to SKYCOM USA under this Agreement will be that of an independent contractor. Nothing contained in this Agreement will be construed to constitute or create a partnership, joint venture, employment, or agency relationship of any kind. You will retain and exercise control over the services you render this Agreement, subject only to the satisfaction of SKYCOM USA and its providers as to the nature and quality of the services rendered. You will be responsible for your own costs, expenses, taxes, and fees arising out of your activities, including Federal, state and local income taxes, social security taxes, unemployment taxes and business license fee. You will not have the authority to enter into building agreements or to act on behalf of Lifeline Service Provider. We will not be responsible for any obligations you incur.

10. **Return or Destruction of Confidential Information.** Confidential Information received by C.C., LLC will remain the exclusive property of SKYCOM USA, at our sole discretion. C.C., LLC will promptly return to SKYCOM USA or destroy or erase all Confidential Information in your possession or control upon to earlier of (i) the receipt of a written request from SKYCOM USA for return or destruction of Confidential Information or (ii) the termination or expiration of this Agreement or the engagement described herein.

11. **Automated Clearing House Settlement.** SKYCOM USA and C.C., LLC will utilize Automated Clearing House or Fed wire settlement procedures (collectively, "ACH Procedures") for payment of amounts owed by the parties under the Agreement and agree to do so in accordance with the following.

(a) C.C., LLC's Designated Accounts (as designated below) will be debited and credited for amounts determined in accordance with the Terms and Conditions.

(b) C.C., LLC hereby authorizes SKYCOM USA or its designee to initiate credit entries, debit entries and adjustments to the Designated Accounts by ACH Procedures and further authorizes C.C., LLC depository financial institution identified below ("Depository") to debit, credit, withdraw or transfer funds from the Designated Accounts to or from SKYCOM USA in accordance with any such debit entry, credit entry or adjustment.

(c) C.C., LLC hereby authorizes SKYCOM USA to reverse any credit or debit entry made to the designated accounts, whether such reversal is made due to an error, or any other reason.

(d) C.C., LLC hereby authorizes Depository to grant SKYCOM USA access to any and all information or records regarding the Designated Accounts.

(e) C.C., LLC hereby authorizes SKYCOM USA to direct Depository to hold funds in the Designated accounts or block or restrict Merchant's or other's access to funds in the Designated Accounts in an amount which Life Line Service Provider, in its sole judgment, deems sufficient to fully protect SKYCOM USA right under this Agreement. C.C., LLC directs Depository to immediately comply with any such direction from SKYCOM USA.

(f) C.C., LLC agrees that SKYCOM USA and Depository may act pursuant to any provision of this Agreement without prior notice to Merchant.

Gary Clower

Initials



Page 2



SKYCOM USA | C.C., LLC. Commission  
 SCHEDULE 1 – TerraCom Wireless & Yourtel America Inc.

WIRELESS PHONE SERVICE

State	Up Front	Residual*
Oklahoma	\$15.00	.50
All Other	\$7.50	.50

\*For life of customer as long as C.C., LLC is active and in good standing with SKYCOM, USA.  
 Residuals are paid from month 4 and beyond retroactive start date of November 6, 2012.

**Charge Backs:** A \$35.00 charge back will occur when any orders received by agent are further deemed fraudulent. Agent will be notified of any orders deemed fraudulent. Any inventory that is not used or returned within 45 days (from receipt) will be charged back by SKYCOM USA at a rate of \$35 per handset. Charge backs will reduce the agent commission on a monthly basis.

**Commission Payments:** Commissions are paid only for completed orders where the customer has made the activation call. Payments are made shortly after the 15th of the month for the first half of the month and at the beginning of each month for the last half of the previous month.

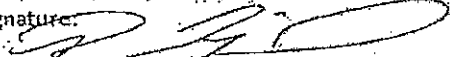
- > 1st through 15th
- > 16th to the end of the month.

**Top Ups:** 12% of any top up amount (for locations recruited by C.C., LLC., as their retailer)  
 Top Ups are only done by store locations and not by field agents for security reasons.

**Shipping charges:** C.C., LLC agrees to pay all shipping costs for phones shipped to sub-agent locations that are overnight or rush orders.

**Exclusivity:** C.C., LLC Agrees to exclusively represent SKYCOM USA's Life Line Service and Cell Phones in any the Market that it represents TerraCom Wireless & YourTel America (SKYCOM USA's) Life Line Service. The C.C., LLC agrees not to co-mingle SKYCOM USA's and its competitor's handsets, marketing collateral or any Branded materials or supplies at any location, store or event where the C.C., LLC is representing SKYCOM USA's Life Line Service or Cell Phones.

SKYCOM USA Representative:

Signature: 

Printed Name:  
 Darrell Jefflo & Richard Yurich

Date: 4-1-13

Login:

C.C., LLC:

Signature: 

Printed Name:  
 Gary Clower

Date: 3/25/13

Agent ID (Sales Rep ID):

Gary Clower

Initials: 

SKYCOM USA, Merchant Set-Up Information  
Set-up Date December 23, 2012

MONTH DAY YEAR

FAX THIS FORM, MERCHANT AGREEMENT, COPY OF VOIDED CHECK AND COMMISSION SCHEDULE. THESE ITEMS MUST BE RECEIVED FOR THE AGENT TO BE ACTIVATED!!

Please Fax to 214-572-9137

Merchant Rep. Gary Clower Merchant ID T1003 & Y1003

Merchant Name: C.C., LLC DOING BUSINESS AS NAME: \_\_\_\_\_

Are you an entity? Yes \_\_\_ No \_\_\_ (sole proprietorships N/A) Corporations, Partnerships, LLC's are examples of entities).

If yes, what type of entity and in which state are your organizational papers filed? \_\_\_\_\_

Incorporated in \_\_\_\_\_ and operating in \_\_\_\_\_

Type of entity State of Organization

**ON FILE**

Street Address: \_\_\_\_\_

City, State & Zip: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Fax Number: N/A

E-Mail Address: \_\_\_\_\_

Federal Tax ID Number \_\_\_\_\_

Contact Name: Mark Elie

Contact Number: \_\_\_\_\_

Financial Institution Name ("Depository"): \_\_\_\_\_

EXACT Name on the Account: \_\_\_\_\_

Depository Routing Number: \_\_\_\_\_

Account Number ("Designated Account"): \_\_\_\_\_

COMMENTS, ADDITIONAL INFO &

SPECIAL INSTRUCTIONS: \_\_\_\_\_

\_\_\_\_\_

#### LIFELINE RULES

1. Lifeline Application Forms and Supporting Documentation: C.C., LLC may not subscribe any person to SKYCOM USA's Lifeline service (or distribute any handset to any person, if the C.C., LLC is distributing handsets) unless the subscriber has

Gary Clower \_\_\_\_\_

Initials 

Page 4

properly completed the current version of Lifeline Application Form for the state of residence of the subscriber (further described in section 1.1 below), and C.C., LLC has followed C procedures for determining eligibility (as defined in section 1.1 below). If the Lifeline Application Form or Supporting Documentation is incomplete or invalid, fails to comply with the requirements of these Lifeline Rules, or the information on the Application Form does not match the order information that C.C., LLC Representative has entered into the SKYCOM USA Partners system by Representative, and the correct information cannot be obtained within 30 days of the order being placed, the order will be cancelled. Such determination shall be in C.C., LLC's sole discretion.

**1.1. Lifeline Application Form:** C.C., LLC must use the current version of FCC Lifeline Application Form applicable to the state of residence of the subscriber. This form includes specific requirements mandated by the Lifeline program, including rules of the FCC and in certain states, the public utility commission of the relevant state.

**1.2. Supporting Documentation:** Subscribers may only receive Lifeline benefits by providing certain documentation demonstrating that they participate in a qualifying program or demonstrate that they meet certain household income level ("Supporting Documentation"), which are specified on the Lifeline Application Form. C.C., LLC shall submit copies of proof to SKYCOM USA in accordance with its procedures for proof submission. In accordance with FCC rules, Representative is permitted to retain copies of Supporting Documentation. SKYCOM USA will be responsible for the destruction of proof if Representative receives also in accordance with FCC rules.

**1.2.1. Databases:** In certain states for particular programs and/or income information, the Supporting Documentation may take the form of consulting (a) particular database(s). SKYCOM USA will direct C.C., LLC when such databases must be consulted and the proper procedure for SKYCOM USA to access this information on C.C., LLC behalf. In no circumstance will Representative access a proof database.

**1.2.2. Program Based Lifeline Applications:** For the specific programs on the Lifeline Application Form for the relevant state, acceptable documentation of program eligibility includes: the current or prior year's statement of benefits from a qualifying assistance program, a notice or letter of participation in a qualifying assistance program, program participation documents, or another official document demonstrating that the prospective subscriber, one or more of the prospective subscriber's dependents or the prospective subscriber's household receives benefits from a qualifying assistance program.

**1.2.3. Income Based Lifeline Applications:** For the specific income level on the Lifeline Certification Form for the relevant state, acceptable documentation of income eligibility includes the prior year's state, federal, or Tribal tax return; current income statement from an employer or paycheck stub; a Social Security statement of benefits; a Veterans Administration statement of benefits; a retirement/pension statement of benefits; an Unemployment/Workers' Compensation statement of benefit; federal or Tribal notice letter of participation in General Assistance; or a divorce decree, child support award, other official document containing income information. If the prospective subscriber presents documentation of income that does not cover a full year, such as current pay stubs, the prospective subscriber must present the same type of documentation covering three consecutive months within the previous twelve months.

**1.2.4. Voice Verification:** In limited circumstances and with the express written consent of SKYCOM USA and C.C., LLC Representative may utilize Voice Verification process where the technical capability does not exist to submit images of proof. This form must be signed by both the customer and the representative and the original must be submitted to SKYCOM USA for review prior to approval of the order.

**2. Non-Duplication Process.** FCC rules mandate that only one Lifeline service is available per household. Prior to placing an order for Lifeline service with any C.C., LLC Representative shall query SKYCOM USA's database to ensure that (1) the applicant's address is valid and (2) neither the applicant nor any other person in applicant's household is receiving Lifeline benefit from a Lifeline Provider. Should C's Partner database reject the order SKYCOM USA will make the reject available.

Gary Clower

Initials



Page 5

to view real time by C.C., LLC Representative. In this circumstance a phone will be shipped to the applicant upon C's approval of the application which it shall make in its sole discretion.

3. **Lifeline Restrictions:** C.C., LLC acknowledges that: (i) Lifeline is a government assistance program; (ii) Lifeline benefits may not be transferred to anyone other than the eligible subscriber for which a valid and complete Lifeline Application Form and Supporting Documentation have been provided; and (iii) only one Lifeline benefit per household is permitted.

4. **Timeliness of Submitting Forms:** If the Lifeline Application Form for an order is not received within the agreed upon time frame the C.C., LLC commission for that order will be held until the form is received and approved. The commission amount may be discounted for lateness to the extent that such lateness detrimentally affects the pecuniary interests of SKYCOM USA. Any commission earned after the original due date will be paid with the next scheduled commission payout following the receipt of the form.

5. **Compensation:** Terms of the C.C., LLC compensation as well as terms of fees charged to C.C., LLC (i.e. phone improperly distributed, fraudulent orders) shall exclusively be between C.C., LLC and SKYCOM USA. SKYCOM USA's Partner shall in no way be responsible for compensating Representative.

C.C., LLC:

Signature: 

Printed Name:

Gary Clower

Date: 3/25/13

Agent ID (Sales Rep ID)

T1003 & Y1003

Gary Clower

Initials 

Page

①  
②

From: [REDACTED]  
Sent: Friday, June 28, 2013 8:35 AM  
To: 'gary@clowerscommunications.com'  
Subject: ACTION REQUIRED: Clowers Agent Agreement (CONFIDENTIAL)  
Importance: High

June 27, 2013

Gary Clowers  
1572 Hwy. 85 N., Suite305  
Fayetteville, GA 30214

RE: Agent Agreement (CONFIDENTIAL)

Dear Mr. Clowers,

As you are aware, both TerraCom, Inc. and YourTel America, Inc. have relied on a successful agent network to expand their subscriber base for Lifeline services. That portion of the company's business relies on funding from the FCC and USAC to support these services. Although TerraCom and YourTel have the strongest protections in the industry to root out waste, fraud, and abuse, it is apparent that recent media attention targeting compliance by agent networks could threaten TerraCom and YourTel's standing with the FCC and/or USAC with an immediate notice of such a change.

As a result, the company is terminating all Agent Agreements effective July 1, 2013. We will begin the termination process outlined in the Agreement, including final commissions, handset returns and reconciliation, and the return of company marketing materials. Sales by your company through June 30 will be honored and commissions included in this termination process.

We appreciate the work your company has done to help grow our subscriber base, but are, unfortunately, not in a position to continue our commitment to you given the recent USAC notice. We are fully cooperating with USAC's request and are confident in a positive outcome in the near future. As soon as we know more we will contact you to discuss our strategic plans for the future.

Sincerely,

[REDACTED]

Sustainability,

[REDACTED]  
[REDACTED]

TerraCom & Yourtel Wireless

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

EXHIBIT  
B.

*Your-Tel/Terracom*

DISTRIBUTOR		State		
CLOWERS COMMUNICATIONS	[REDACTED]	AR	[REDACTED]	[REDACTED]
CLOWERS COMMUNICATIONS	[REDACTED]	AZ	[REDACTED]	[REDACTED]
CLOWERS COMMUNICATIONS	[REDACTED]	AZ	[REDACTED]	[REDACTED]
CLOWERS COMMUNICATIONS	[REDACTED]	IL	[REDACTED]	[REDACTED]
CLOWERS COMMUNICATIONS	[REDACTED]	IL	[REDACTED]	[REDACTED]
CLOWERS COMMUNICATIONS	[REDACTED]	IN	[REDACTED]	[REDACTED]
CLOWERS COMMUNICATIONS	[REDACTED]	IN	[REDACTED]	[REDACTED]
CLOWERS COMMUNICATIONS	[REDACTED]	KS	[REDACTED]	[REDACTED]
CLOWERS COMMUNICATIONS	[REDACTED]	LA	[REDACTED]	[REDACTED]
CLOWERS COMMUNICATIONS	[REDACTED]	MD	[REDACTED]	[REDACTED]
CLOWERS COMMUNICATIONS	[REDACTED]	MD	[REDACTED]	[REDACTED]
CLOWERS COMMUNICATIONS	[REDACTED]	MN	[REDACTED]	[REDACTED]
CLOWERS COMMUNICATIONS	[REDACTED]	MO	[REDACTED]	[REDACTED]
CLOWERS COMMUNICATIONS	[REDACTED]	NV	[REDACTED]	[REDACTED]
CLOWERS COMMUNICATIONS	[REDACTED]	OK	[REDACTED]	[REDACTED]
CLOWERS COMMUNICATIONS	[REDACTED]	OK	[REDACTED]	[REDACTED]
CLOWERS COMMUNICATIONS	[REDACTED]	PA	[REDACTED]	[REDACTED]
CLOWERS COMMUNICATIONS	[REDACTED]	PA	[REDACTED]	[REDACTED]

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CLOWERS COMMUNICATIONS	[REDACTED]	RI	[REDACTED]	[REDACTED]
CLOWERS COMMUNICATIONS	[REDACTED]	TX	[REDACTED]	[REDACTED]
CLOWERS COMMUNICATIONS	[REDACTED]	VI	[REDACTED]	[REDACTED]
CLOWERS COMMUNICATIONS	[REDACTED]	WI	[REDACTED]	[REDACTED]
CLOWERS COMMUNICATIONS	[REDACTED]	WV	[REDACTED]	[REDACTED]

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		Glenn - Comments
[REDACTED]	[REDACTED] y	
[REDACTED]	Not bad. Less than a month of inventory on hand. Let's try to model this as a "Best Practice" for all markets.	
[REDACTED]	I'm not sure why a YTA phones are showing up in AZ.	[REDACTED]
[REDACTED]	I'm not sure why a TC phone is showing up in IL however it's being removed.	
[REDACTED]	Cutting it close. [REDACTED]	
[REDACTED]	[REDACTED] Has your plans changed? Absolutely too much inventory.	
[REDACTED]	I'm not sure why a YTA phones are showing up in IN. INVESTIGATING???? New Market	
[REDACTED]	Liquidating all Louisiana phones through your organization. Please have your teams return phones weekly and don't stock pile them. Bad phones will be re-grammed for distribution elsewhere.	
[REDACTED]	[REDACTED]	
[REDACTED]	I'm not sure why a YTA phones are showing up in PA. INVESTIGATING!	
[REDACTED]	No Distribution in Minnesota. INVESTIGATING!	
[REDACTED]	[REDACTED] What's going on here?	
[REDACTED]	[REDACTED]	
[REDACTED]	Picked up in OKC on 6-21-13	
[REDACTED]	You can distribute both TC & YTA phones in OK however you must login as TC or YTA.	
[REDACTED]	I'm not sure why a TC phones is showing up in PA.	
[REDACTED]	SUPER HEAVY! Are these new shipments [REDACTED] [REDACTED] Do we need to send call tags to have them returned?	



4

[REDACTED]	I'm not sure why a TC phones is showing up in RI however they're being removed from your inventory.	
[REDACTED]	Teams being transferred from Louisiana phones in transit.	
[REDACTED]	I was told that there is no problem with the phones. [REDACTED]	
[REDACTED]	I'm not sure why these phones are showing up in your inventory. No distribution in WI, INVESTIGATING!	
[REDACTED]	I'm not sure why these phones are showing up in your inventory however they're being removed.	

[REDACTED]

1  
9  
6

[Print](#) / [Close Window](#)

Subject: [REDACTED]  
From: [REDACTED]  
Date: Mon, Jun 24, 2013 12:43 pm  
To: "gary@clowerscommunications.com" <gary@clowerscommunications.com>  
Attach: [REDACTED]

Mr. Clowers, please see the attached.

I took a [REDACTED] look at your organization and provided my notes and/or questions by market. Please provide your feedback in column named Clowers Comments.

CONTRIBUTOR	[REDACTED]	File	[REDACTED]	[REDACTED]	[REDACTED]	Clowers Comments
CLOWERS COMMUNICATIONS	[REDACTED]	AR	[REDACTED]	[REDACTED]	[REDACTED]	

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**Lifeline Tools QUOTE**

Invoice No. Quote  
 Invoice Date: December 28, 2012

Bill To: TerraCom  
 Order 1

Address:

Phone: [REDACTED]

E-mail: [REDACTED]

Fax:

Description	Units	Cost Per Unit	Amount
Table Skirt 6 foot TerraCom	6	\$ 100.00	\$ 600.00
500 D Tent 10x10 w/ 8 prints (1 Color) TerraCom	14	600.00	8,400.00
Yard Signs TerraCom W/Stakes	24	15.00	360.00
A Board Sign Plastic TerraCom	6	125.00	750.00
500 D Tent 10x10 w/ 8 prints (1 Color) YourTel	10	600.00	6,000.00
A Board Sign Plastic YourTel	2	125.00	250.00
Table Skirt 6 foot YourTel	2	100.00	200.00
Yard Signs YourTel W/Stakes	2	15.00	30.00
A Board Sign Plastic TerraCom (INSERTS ONLY)	8	40.00	320.00
A Board Sign Plastic YourTel (INSERTS ONLY)	8	40.00	320.00
		\$	-
		\$	-
		\$	-
		\$	-

- 1 Full YourTelSetup To [REDACTED]
- 2 Full TerraCom Setups To [REDACTED]
- 2 Full TerraCom Setups To [REDACTED]

Invoice Subtotal	\$	17,230.00
Sales Tax		%
20% Volume Discount		(3,446.00)
50% Deposit at Order		-
<b>TOTAL</b>	<b>\$</b>	<b>13,784.00</b>

Make all checks payable to Lifeline Tools  
 Total Due Upon Shipment.

Thank you for your business!

Month  
Version

April, May & June 2013  
V1

Rate Center	ST	CLOWER	CLOWER	CLOWER
EL DORADO	AR			
FORT SMITH	AR			
LITTLEROCK	AR			
RUSSELLVL	AR			
Flagstaff	AZ			
Prescott	AZ			
Scottsdale	AZ			
Tempe	AZ			
Phoenix	AZ			
Tucson	AZ			
DENVER	CO			
CHI	IL			
CHICGOZN03	IL			
LA GRANGE	IL			
NORTHBROOK	IL			
SPRINGFIELD	IL			
COLLINSVL	IL			
GARY	IN			
ANDERSON	IN			
CRAWFORDSVILLE	IN			
INDIANAPOLIS	IN			
West Lafayette	IN			
MUNCIE	IN			
ELKHART	IN			
FORT WAYNE	IN			
KOKOMO	IN			
BLOOMINGTON	IN			
VINCENNES	IN			
NEWTON	KS			
EL DORADO	KS			
HUTCHINSON	KS			
KANSASCITY	KS			
LEAVENWTH	KS			
OTTAWA	KS			
TOPEKA	KS			
WICHITA	KS			
SALINA	KS			
MONROE	LA			
BATON ROUGE	LA			
LAFAYETTE	LA			
SHREVEPORT	LA			

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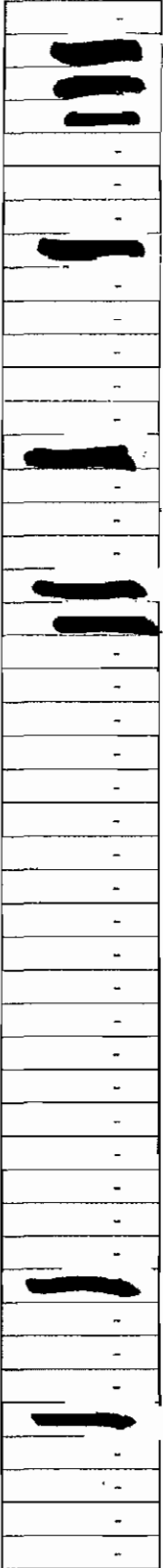
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KENNER	[REDACTED]	LA			
NEWORLEANS	[REDACTED]	LA	[REDACTED]	[REDACTED]	
BALTIMORE	[REDACTED]	MD	[REDACTED]	[REDACTED]	[REDACTED]
BEL AIR	[REDACTED]	MD		[REDACTED]	[REDACTED]
SILVER SPRINGS	[REDACTED]	MD			
PORTLAND	[REDACTED]	ME			
MINNEAPOLIS	[REDACTED]	MN			
KANSASCITY	[REDACTED]	MO	[REDACTED]	[REDACTED]	[REDACTED]
Warrensburg	[REDACTED]	MO			
COLUMBIA	[REDACTED]	MO			
JOPLIN	[REDACTED]	MO			
ST JOSEPH	[REDACTED]	MO			
SPRINGFLD	[REDACTED]	MO			
ST LOUIS	[REDACTED]	MO	[REDACTED]	[REDACTED]	[REDACTED]
		NE	[REDACTED]		
		NE	[REDACTED]		
		NE	[REDACTED]		
LASVEGAS	[REDACTED]	NV	[REDACTED]	[REDACTED]	[REDACTED]
RENO	[REDACTED]	NV	[REDACTED]	[REDACTED]	[REDACTED]
DURANT	[REDACTED]	OK			
ADA	[REDACTED]	OK			
ALTUS	[REDACTED]	OK			
ARDMORE	[REDACTED]	OK			
BARTLESVILLE	[REDACTED]	OK			
CHICKASHA	[REDACTED]	OK			
DUNCAN	[REDACTED]	OK			
ELK CITY	[REDACTED]	OK			
ENID	[REDACTED]	OK			
HOLDENVILLE	[REDACTED]	OK			
LAWTON	[REDACTED]	OK			
MCALESTER	[REDACTED]	OK			
MUSKOGEE	[REDACTED]	OK			
OKLA CITY	[REDACTED]	OK			
PAULS VALLEY	[REDACTED]	OK			
PONCA CITY	[REDACTED]	OK			
SHAWNEE	[REDACTED]	OK			
STILLWATER	[REDACTED]	OK			
TAHLEQUAH	[REDACTED]	OK			
TULSA	[REDACTED]	OK	[REDACTED]	[REDACTED]	[REDACTED]
MIAMI	[REDACTED]	OK			
HOMESTEAD	[REDACTED]	PA			
PITTSBURG	[REDACTED]	PA			
PHILLY	[REDACTED]	PA	[REDACTED]	[REDACTED]	[REDACTED]
ROVIDENCE	[REDACTED]	RI			
GRANDPRARI	[REDACTED]	TX			
ARLINGTON	[REDACTED]	TX			
FT WORTH	[REDACTED]	TX			

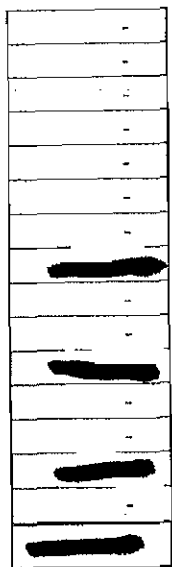
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[REDACTED]	HOUSTON	[REDACTED]	TX			
[REDACTED]	LONGVIEW	[REDACTED]	TX			
[REDACTED]	TYLER	[REDACTED]	TX			
[REDACTED]	AUSTIN	[REDACTED]	TX			
[REDACTED]	CORPUS CHRISTI	[REDACTED]	TX			
[REDACTED]	MCALLEN	[REDACTED]	TX			
[REDACTED]	SAN ANTONIO	[REDACTED]	TX			
[REDACTED]	EL PASO	[REDACTED]	TX	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	WACO	[REDACTED]	TX			
[REDACTED]	ST CROIX	[REDACTED]	VI			
[REDACTED]	CHITAMSTHS	[REDACTED]	VI	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	GREEN BAY	[REDACTED]	WI			
[REDACTED]	MADISON	[REDACTED]	WI			
[REDACTED]	MILWAUKEE	[REDACTED]	WI	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	CHARLESTON	[REDACTED]	WV			
				[REDACTED]	[REDACTED]	[REDACTED]

(4)  
(3)



④  
③





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Subject: [REDACTED]  
 From: [REDACTED]  
 Date: Tue, May 14, 2013 1:49 pm  
 To: "gary@clowerscommunications.com" <gary@clowerscommunications.com>  
 Attach: image001.png

①  
②

Thanks,



Agent  
[REDACTED]

③  
④  
⑤  
⑥

Month Of Activation	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Nov-12	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Dec-12	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total				

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Date: \_\_\_\_\_ Batch ID #: \_\_\_\_\_ Run by: \_\_\_\_\_

**Terracon**



Start Date	11/1/2012	End Date	4/30/2013
Company	Clowers Communications		

Month	Nov-12	Dec-12	Total
Count	10	10	20

11

376

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Subject: [REDACTED]  
 From: [REDACTED]  
 Date: Tue, May 14, 2013 1:49 pm  
 To: "gary@clowerscommunications.com" <gary@clowerscommunications.com>  
 Attach: image001.png

①  
②

Thanks,



Agent
[REDACTED]
[REDACTED]

③  
④  
⑤  
⑥

Month Of Activation	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Nov-12	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Dec-12	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Total			

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Subject: [REDACTED]  
 From: [REDACTED]  
 Date: Wed, Apr 17, 2013 5:54 pm  
 To: "gary@clowerscommunications.com" <gary@clowerscommunications.com>  
 Attach: image003.png

①  
②

Mr. Clowers, sorry for the couple day delay on this report however I wanted to make sure all was in order before sending it over (See belo

SNAP SHOT:

[REDACTED]  
[REDACTED]

③  
④  
⑤  
⑥



Agent	StartDate
[REDACTED]	11/1/2012
[REDACTED]	Clowers Com

Month Of Activation	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Nov-12	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Dec-12	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Date: \_\_\_\_\_ Batch ID # \_\_\_\_\_ Run by: \_\_\_\_\_

**TerraCom** Wireless



Account	Start Date	End Date
_____	11/2/2012	3/31/2013
Clowers Communications		

Month	Nov-12	Dec-12
Count	_____	_____

||

356

1  
2  
3  
5  
6

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Subject: [REDACTED]  
From: [REDACTED]  
Date: Wed, Apr 17, 2013 5:54 pm  
To: "gary@clowerscommunications.com" <gary@clowerscommunications.com>  
Attach: image003.png  
[REDACTED]

Mr. Clowers, sorry for the couple day delay on this report however I wanted to make sure all was in order before sending it over (See below)

SNAP SHOT:

[REDACTED]



Agent	Start Date
[REDACTED]	11/1/2012
[REDACTED]	Clowers Com

Month Of Activation	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Nov-12	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Dec-12	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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Subject: [REDACTED]  
From: [REDACTED]  
Date: Mon, Jun 24, 2013 9:31 am  
To: "gary@clowerscommunications.com" <gary@clowerscommunications.com>

①  
②  
⑤

I should have an answer today from our audit team.

From: gary@clowerscommunications.com [mailto:gary@clowerscommunications.com]  
Sent: Monday, June 24, 2013 6:45 AM

Subject: [REDACTED]  
Importance: High

This was sent from my accountant. Please have someone look into this.

Good morning Mr. Clowers

[REDACTED]

Thanks

Gary A. Clowers Sr.  
Main: 866-580-3864  
Cell: 770-900-3532  
Fax: 866-590-3672  
Website: [www.lifeline distributor.com](http://www.lifeline distributor.com)

"Whoever you find a person that is Dependable, Loyal, Able, Has A Positive Mental Attitude, Goes The Extra Mile, and Applies His or Her Faith, You Are In The Presence of Royalty."

----- Original Message -----

Subject: FW: Clowers Residual Commission Report (June 2013)

Date: Wed, June 12, 2013 6:14 pm  
To: "gary@clowerscommunications.com" <gary@clowerscommunications.com>

Mr. Clowers, attached is your [REDACTED] be prepared to discuss tomorrow if you have any questions.

Thanks,

From: [REDACTED]  
Sent: Tuesday, June 11, 2013 4:33 PM

②

Importance: High

①  
②

Hello All,

Please find the attached [REDACTED]

Thanks and Regards,

May I help you today?

\*\*\*\*\*

[REDACTED]

v-care call centers India

[REDACTED]

[REDACTED]

[www.vcarecallcenter.com](http://www.vcarecallcenter.com)

India's one and only end to end CISCO based IP network.

Confidentiality Notice: This e-mail and any attachments are confidential. If you are not the intended recipient please do not disclose, copy, store, distribute or take any action in respect of the content. If you have received this message in error, please notify the sender immediately or by using the reply function and then delete it.

Thank you.

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①  
②  
⑤

Subject: [REDACTED]  
From: [REDACTED]  
Date: Wed, Jun 12, 2013 6:14 pm  
To: "gary@clowerscommunications.com" <gary@clowerscommunications.com>  
Attach: [REDACTED]

Mr. Clowers, attached is you [REDACTED] prepared to discuss tomorrow if you have any questions.

Thanks,

Sent: Tuesday, June 11, 2013 4:33 PM

To: [REDACTED]  
Subject: [REDACTED]  
Importance: High

Hello All,

Please find the attached [REDACTED]

Thanks and Regards,

May I help you today?

\*\*\*\*\*  
[REDACTED]

Vcare call centers India

[REDACTED]  
[REDACTED]

[www.vcarecallcenter.com](http://www.vcarecallcenter.com)

India's one and only end to end CISCO based IP network.

Confidentiality Notice: This e-mail and any attachments are confidential. If you are not the intended recipient please do not disclose, copy, store, distribute or take any action in respect of the content. If you have received this message in error, please notify the sender immediately c [REDACTED] the reply function and then delete it.  
Thank you.

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Date: \_\_\_\_\_ Batch ID # \_\_\_\_\_ Fax by \_\_\_\_\_

**TerraCom** wireless



Agent	Start Date	End Date
	11/7/2012	5/31/2013
Clowers Communications		

3 2 6

Month	Nov-12	Dec-12	Jan-13	Feb-13	Total
Nov-12					
Dec-12					
Jan-13					
Feb-13					
Total					



Date: \_\_\_\_\_ BatchID #: \_\_\_\_\_ Ran By: \_\_\_\_\_

**TerraCom**



Start Date	11/17/2012	End Date	6/30/2013
Clowers Communications			

Nov-12									
Dec-12									
Jan-13									
Feb-13									
									Total



③ ⑤ ⑥

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Subject: ReActivat [REDACTED]

From: gary@clowerscommunications.com

Date: Tue, Jun 18, 2013 5:00 pm

Attach: clip001b.jpg

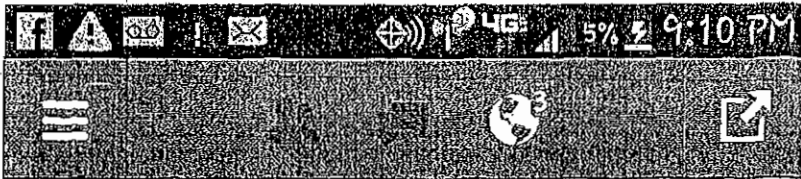
Good afternoon,

Please reactivate [REDACTED] and her downline their suspension is up.

I requested her entire downline. My investigation found that [REDACTED] had trained agents who were working under her ID and another location she setup for them. She allowed them to work unsupervised. Those individuals failed to issue 3 phones to individuals who qualified for them one of which found its way onto facebook for sale for \$30.00

I ask her to remove the individual from the site permanently.

1  
2



7



File of 9:10 pm via Instagram

For sale hmu. [REDACTED]



0 likes + 1 comment

Like

Comment

Share

Gary A. Clowers Sr.  
 Main: 866-580-3864  
 Cell: 770-900-3532  
 Fax: 866-590-3672

Website: [www.lifeline distributor.com](http://www.lifeline distributor.com)

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Subject: RE: Reactivate [REDACTED]  
 From: [REDACTED]  
 Date: Wed, Jun 19, 2013 10:23 am  
 [REDACTED]  
 Cc: "gary@clowerscommunications.com" <gary@clowerscommunications.com>  
 Attach: image002.gif  
 image003.gif  
 Image004.jpg

Retailer [REDACTED] and her employees (listed below) are all active.

①  
 ②  
 ⑥

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	T1003 CLOWERS COMMUNICATIONS	SKYCOMUSA TERRACOM	[REDACTED]	[REDACTED]	[REDACTED]	HOUMA	LA
[REDACTED]	T1003 CLOWERS COMMUNICATIONS	SKYCOMUSA TERRACOM	[REDACTED]	[REDACTED]	[REDACTED]	VACHERIE	LA
[REDACTED]	T1003 CLOWERS COMMUNICATIONS	SKYCOMUSA TERRACOM	[REDACTED]	[REDACTED]	[REDACTED]	Vacherie	LA
[REDACTED]	T1003 CLOWERS COMMUNICATIONS	SKYCOMUSA TERRACOM	[REDACTED]	[REDACTED]	[REDACTED]	BATON ROUGE	LA
[REDACTED]	T1003 CLOWERS COMMUNICATIONS	SKYCOMUSA TERRACOM	[REDACTED]	[REDACTED]	[REDACTED]	GONZALES	LA
[REDACTED]	T1003 CLOWERS COMMUNICATIONS	SKYCOMUSA TERRACOM	[REDACTED]	[REDACTED]	[REDACTED]	PLAQUEMINE	LA
[REDACTED]	T1003 CLOWERS COMMUNICATIONS	SKYCOMUSA TERRACOM	[REDACTED]	[REDACTED]	[REDACTED]	PLAQUEMINE	LA
[REDACTED]	T1003 CLOWERS COMMUNICATIONS	SKYCOMUSA TERRACOM	[REDACTED]	[REDACTED]	[REDACTED]	BATON ROUGE	LA
[REDACTED]	T1003 CLOWERS COMMUNICATIONS	SKYCOMUSA TERRACOM	[REDACTED]	[REDACTED]	[REDACTED]	DENHAM SPRINGS	LA
[REDACTED]	T1003 CLOWERS COMMUNICATIONS	SKYCOMUSA TERRACOM	[REDACTED]	[REDACTED]	[REDACTED]	PLAQUEMINE	LA

Sent: Wednesday, June 19, 2013 9:48 AM  
 [REDACTED]  
 Subject: FW: ReActivate [REDACTED]

1  
2

Wowser! Clowers organization seems to be committed to compliance!!!

[REDACTED] I believe Mr. Clowers asked you some time ago de-activate one of his managers because one of their employees sold a few ph  
Please respond accordingly to his request below?

**From:** [gary@clowerscommunications.com](mailto:gary@clowerscommunications.com) (<mailto:gary@clowerscommunications.com>)

**Sent:** Tuesday, June 18, 2013 4:00 PM

**Subject:** ReActivate [REDACTED]

Good afternoon,

Please reactivate [REDACTED] and her downline their suspension is up.

I requested her entire downline. My investigation found that [REDACTED] ad trained agents who were working under her ID an  
another location she setup for them. She allowed them to work unsupervised. Those individuals failed to issue 3 phones to  
individuals who qualified for them one of which found its way onto facebook for sale for \$30.00

I ask her to remove the individual from the site permanently.





Profile name: [Redacted] Instagram

7

For sale hmu.. [Redacted]



Write a Comment

Like

Comment

Share

Gary A. Clowers Sr.  
Main: 866-580-3864  
Cell: 770-900-3532  
Fax: 866-590-3672

Website: [www.lifeline distributor.com](http://www.lifeline distributor.com)

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Applies His or Her Faith, You Are In The Presence of Royalty.

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**Subject:** FW: Customer Reporting Fraudulent Agent Activity

**From:** [REDACTED]

**Date:** Mon, Jun 24, 2013 11:40 am

**To:** "gary@clowerscommunications.com" <gary@clowerscommunications.com>

Mr. Clower's, the below activity is in the hands of our Audit team.

①

**From:** [REDACTED]

**Sent:** Wednesday, June 19, 2013 4:47 PM

②

**Subject:** Fw: Customer Reporting Fraudulent Agent Activity

Afternoon [REDACTED]

Attached and below is a new disciplinary action review for Clowers 1003.

Thanks.

⑦

**From:** [REDACTED]

**Sent:** Wednesday, June 19, 2013 4:23 PM

**To:** [REDACTED]

**Cc:** [REDACTED]

**Subject:** Customer Reporting Fraudulent Agent Activity

Mom's daughter [REDACTED] called us to report fraudulent activity for her mom [REDACTED], under Retailer [REDACTED] [REDACTED] [REDACTED] Clowers Communication is in Phoenix, AZ and is going door to door giving away phones. The mom said she received her free phone from [REDACTED] and the agent asked her if she had anymore Access cards because she could go into her Rejected orders, set up another name, and give her more free phones. Customer was concerned because this is the wrong thing to do. Even though we all know she probably wouldn't be successful, the Master agent should still know about it. It's poor representation of our company. Just an FYI!

[REDACTED]

Agent Support

Email: [REDACTED]

[REDACTED]

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Subject: Clower Communications [redacted] e day between TerraCom and YourTel markets. So you want to be the go to guy? LOL

From: [redacted]  
Date: Tue, Dec 04, 2012 9:59 pm  
To: "gary@clowerscommunications.com" <gary@clowerscommunications.com>  
Attach: image001.jpg

Nice work, Boss!!!! Send a shout to your team's for their first milestar [redacted] g St. Louis, in 1 day. Once we replenish your phones in Louisiana+Arkansas+Maryland = 1407 e calla "1.800.423.502"

Good Selling,

[redacted]  
[redacted]  
TerraCom wireless  
[redacted]  
[redacted]  
[redacted]



From: gary@clowerscommunications.com [mailto:gary@clowerscommunications.com]  
Sent: Tuesday, December 04, 2012 6:27 PM

Subject: Re: petal to the metal!! [redacted] urk? Thanks for all you do.

We are pushing for it. If La was on deck, [redacted]  
Sent on the Sprint@ Now Network from my BlackBerry®

From: [redacted]  
Date: Tue, 4 Dec 2012 16:09:29 -0800  
To: gary@clowerscommunications.com<gary@clowerscommunications.com>  
Subject: Petal to the metal!!! [redacted] sanks for all you do.

[redacted]  
[redacted]  
TerraCom & Yourtel Wireless  
[redacted]  
[redacted]  
[redacted]

1  
2  
3