

## ATTACHMENT A

Network Solutions Referred by Sam Kang\_ CPUC acting in bad fai...

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8/3/2016 12:02 AM

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### Referred by Sam Kang: CPUC acting in bad faith, Hurts Low-income Families

To cliff.rechtschaffen@gov.ca.gov Copy hyepin@gmail.com Blind copy  
aclark onemillionniu.org <aclark@onemillionniu.org>

Hi Cliff,

Allow me to introduce myself. My name is Larry Ortega, I have been working digital divide issues since 1993, most recently under the auspices of [One Million NIU](#). That is me pictured on the front page of the L.A. Times Business section. NIU is the most successful organization in the country, to close the divide among monolingual non-English-speaking parents and grandparents. See our Youtube page: [One Million NIU videos coverage](#).

We have the following challenge with the CPUC that we would like to discuss privately with you at your earliest opportunity. You see, there seems to be a couple of rogue individuals within the staff at CPUC, who discredited and outright lied about certain facts that has hurt low-income community members in California.

And because of the recent scandals that has plagued the CPUC, the Commissioners' hands are tied and our forced to stand silent on atrocities committed by staff.

We are about to publish an Op\_Ed on the issue, but would like to get your input prior to going to publication with it. Scheduled publication is Aug 5th at 6AM.

Will you help?

Below is an excerpt of the opening and closing paragraphs of the Op\_Ed, highlighted in gold:

#### A Tag Team of Gross Incompetency by CPUC and SCO

CPUC in apparent collusion with SCO, targeted NIU in attempt to discredit, and cause serious financial harm through a misinformation and purposeful contract misinterpretation campaign, intentionally and maliciously damaging NIU coalition's reputation, specifically KCCD the fiscal agent in this matter. NIU provided a whopping \$2.4 million in cash and in-kind contributions to this contract, and garnered more than 28 million media impressions (hits) in their broadband promotion activity. Yet in bad faith, CPUC and SCO tag team to commit the following:

#### ACCOUNTING – AUDIT REPORT:

1. SCO's Audit Report, Schedule 1, is laden with errors and should be stricken in its entirety. SCO states \$438,419 as allowable costs, a total amount SCO pulled from their Schedule 1B which contains Trainer's (consultant's) invoices only. This suggest *the only* "allowable" costs are Trainers. This is a fatal error and cause, by itself, to set aside SCO's Audit Report.
2. SCO and CPUC use Schedule 1 conclusions as a basis to take punitive action against NIU,
3. Here are the **actual allowable** costs not paid by CPUC from Year 1–Quarter 1 (March 1, 2012) through Year 3–Quarter 4 (March 31, 2015) bringing the total value of the contract to nearly \$3M (three million dollars). That is \$3 million worth of broadband promotion and adoption NIU brought to this relationship:

278,783	Other Funding: shown to SCO via General Ledger and P/L Statements
443,800	In-kind Facility, computers, Internet, desk, chairs
631,000	In-kind Media, TV, newspapers, radio coverage of NIU program
336,451	In-kind NIU Training manuals, booklets, materials provided at time of training
708,000	In-kind Executive Management Consulting



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\$2,398,034 Total Cash and In-Kind Contribution brought by NIU, i.e. *allowable costs*

**4. SCO's statement on page 12, 1<sup>st</sup> paragraph, of the Audit Report states "NIU Coalition did not make available any records or source documents during the course of the audit."**

1. NIU in the following pages will show first-hand accounts where SCO used "records and source documents" which they say were not received, to build spreadsheets and later incorporate into the Audit Report.
2. Let us begin with **Exhibit E**: a set of hardcopy print-outs using these files were provided to the SCO upon their first visit. They included over 700 invoices from consultants working on the NIU project. **Exhibit E** includes detailed accounting information such as showing persons enrolled and graduating from NIU courses, location of training, trainers(teachers), specific Activity performance, cost related to those Activities, expenses and performance against the Work Plan's seven (7) Activities,

...CPUC got millions of dollars more in value from NIU under this Agreement than what they paid. For them to now have the audacity to ask for their money back – based on flimsy and erroneous conclusions, is nothing short of "klan" behavior, collusion. Simply because CPUC did not like, or held a certain prejudice against a certain class of individuals, be it those that are of a different color or speak a different language or just so happen to be very articulate in their advocacy against certain (Comcast/Time Warner) mergers that made no sense for community, should not grant CPUC the authority to discredit, and cause serious financial harm through a misinformation and purposeful contract misinterpretation campaign, intentionally and maliciously damaging NIU coalition's reputation, specifically KCCD the fiscal agent in this matter. Rather, CPUC needs to make good on their contract with NIU, recognize and acknowledge the work has been performed and is complete and must now pay the full amount due to NIU, **\$80,000**.

I will followup with you Wednesday afternoon..

Larry Ortega