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7
8 IN THE FIRST JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA
9 IN AND FOR CARSON CITY

10 STATE OF NEVADA, OFFICE OF THE ATTORNEY
11 GENERAL, ex. rel. CATHERINE CORTEZ MASTO,
Attorney General,

12 Plaintiff,

CASE NO. 09-0C00431 1B

13 v.

DEPT. NO. 1

14
15 THE PAYMENT PEOPLE, INC., d.b.a. UNIVERSAL
CALL PLAN, INC., SURE CONNECTION LD, INC.,
16 LONG DISTANCE DEPOT, INC., FLAT RATE LONG
DISTANCE, INC., LONG DISTANCE MART, INC.,
17 XOOM TELECOMMUNICATIONS, INC.,
CALL DIRECT, INC., CALL FOR LESS, INC.,
18 CONNECT DIRECT LD, INC., BLUE SKY
LONG DISTANCE, INC., COAST TO COAST
19 LONG DISTANCE, INC., FIRST CHOICE
LONG DISTANCE, INC., BUNDLED RATE
20 LONG DISTANCE INC., SMART DIAL, INC.,
JEFF McKAY, BRENDA McKAY, DONOVAN
21 MCNELLY, and DOES 1-10 in their individual
and/or corporate capacities,

22 Defendants.
23 _____/

24
25 **MOTION FOR TEMPORARY INJUNCTION and PRELIMINARY INJUNCTION**

26 COMES NOW, the STATE OF NEVADA, by and through CATHERINE CORTEZ
27 MASTO, Attorney General for the State of Nevada, and JOHN R. McGLAMERY, Senior
28 Deputy Attorney General, Bureau of Consumer Protection, hereby files this Motion For

1 Temporary Restraining Order and Preliminary Injunction, pursuant to NRS 598.0963, against
2 the defendants, THE PAYMENT PEOPLE, INC., d.b.a. UNIVERSAL CALL PLAN, INC., SURE
3 CONNECTION LD, INC., LONG DISTANCE DEPOT, INC., FLAT RATE LONG DISTANCE,
4 INC., LONG DISTANCE MART, INC., XOOM TELECOMMUNICATIONS, INC., CALL
5 DIRECT, INC., CALL FOR LESS, INC., CONNECT DIRECT LD, INC., BLUE SKY LONG
6 DISTANCE, INC., COAST TO COAST LONG DISTANCE, INC., FIRST CHOICE LONG
7 DISTANCE, INC., BUNDLED RATE LONG DISTANCE INC., SMART DIAL, INC., JEFF
8 McKAY, BRENDA McKAY, DONOVAN MCNELLY, and DOES 1-10 in their individual and/or
9 corporate capacities, to enjoin the Defendants, and each of them, from engaging in deceptive
10 trade practices pursuant to NRS Chapter 598. This motion asks for an order against the above
11 parties from violating the provisions of NRS Chapter 598, including but not limited to:

- 12 a.) Billing, or causing the billing of any Nevada person or business with a "775" or
13 "702" area code through any telephone bill for any telecommunication
14 services subject to NRS 704.330;
- 15 b.) Make any false statement to any third party billing aggregator or local
16 telephone exchange carriers, such as AT&T, that a Nevada consumer had
17 authorized the purchase of telephone services;
- 18 c.) Billing any Nevada person or business with a "775" or "702" area code for
19 telephone or other services which have not be authorized by the Nevada
20 consumer;
- 21 d.) Cause any billing information to be sent to any Nevada person or business
22 which falsely indicates that such service has been authorized;
- 23 e.) Billing for services without providing timely written (not electronic) notice
24 containing a clear and detailed description relating directly to the services for
25 which the customer is being billed and the amount the customer is being
26 charged for each service; all terms and conditions relating directly to the
27 services provided; and the name, physical address and telephone number of
28 the provider;
- f.) That when notifying any Nevada person or business about the name, physical
address and telephone number of the company, must provide the physical
address of the business where the employees of the companies are located;
and from
- g.) Violating any provision of NRS Chapter 598 or other provision of the Nevada
Revised Statutes while conduction business in or conducting business with
any Nevada consumer.

25 This Motion is made and based upon the pleadings and papers on file herein, the
26 following points and authorities, the exhibits and affidavits attached hereto, all pleadings on file

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herein and any and all oral argument at the time of hearing of said Motion.

DATED this _____ day of _____, 2009.

CATHERINE CORTEZ MASTO, Attorney General
ERIC WITKOSKI, Consumer Advocate

By: _____
JOHN R. MCGLAMERY
Senior Deputy Attorney General
Bar Number 00516
100 North Carson Street
Carson City, Nevada 89701-4717
(775) 684-1169

POINTS AND AUTHORITIES

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2 The Bureau of Consumer Protection (“BCP”) is a unit within the Office of the Attorney
3 General, the executive head of which is the Consumer Advocate. NRS 228.302, NRS 228.304,
4 and NRS 228.310. The BCP, by and through the Consumer Advocate, is charged with the
5 enforcement of Nevada’s Deceptive Trade Practices Act, NRS Chapter 598, pursuant to NRS
6 228.380, which prohibits deceptive acts or practices by any person or entity conducting
7 business within the State of Nevada. The STATE OF NEVADA has filed a complaint by and
8 through the “BCP, pursuant to NRS 228.302, NRS 228.304, NRS 228.310, NRS 228.380 to
9 enforce Nevada’s Deceptive Trade Practices Act, NRS Chapter 598, as specifically authorized
10 by NRS 598.0963(3), NRS 598.0989 and NRS 598.0999(2), to secure a temporary restraining
11 order, a preliminary or permanent injunction, restitution, and other appropriate relief, to restrain
12 Defendants’ deceptive trade practices.

13 NRS 598.0963(3) states:

14 If the Attorney General has reason to believe that a person has engaged
15 or is engaging in a deceptive trade practice, the Attorney General may
16 bring an action in the name of the State of Nevada against that person to
obtain a temporary restraining order, a preliminary or permanent
injunction, or other appropriate relief.

17 When considering whether an injunction is proper to prevent statutory violations of consumer
18 protection laws, the State need only show reasonable likelihood that a statute was violated and
19 may be violated in the future. The State is not required to make showing of irreparable harm or
20 inadequacy of legal remedy because these factors are presumed in a statutory enforcement
21 action. *State ex rel. Office of Attorney General, Bureau of Consumer Protection v. NOS*
22 *Communications, Inc.*, 120 Nev. 65, 84 P.3d 1052 (2004).

23 The State of Nevada complaint alleged that The Payment People, Inc., d.b.a. Universal
24 Call Plan, Inc., Sure Connection LD, Inc., Long Distance Depot, Inc., Flat Rate Long Distance,
25 Inc., Long Distance Mart, Inc., Xoom Telecommunications, Inc., Call Direct, Inc., Call for Less,
26 Inc., Connect Direct LD, Inc., Blue Sky Long Distance, Inc., Coast to Coast Long Distance,
27 Inc., First Choice Long Distance, Inc., Bundled Rate Long Distance Inc., Smart Dial, Inc., Jeff
28 Mckay, Brenda Mckay, Donovan Mcnely, and DOES 1-10 in their individual and/or corporate

1 capacities, have violated, and continued to violate NRS 598.969(8), NRS 598.969(5), NRS
2 598.0915(15), NRS 598.0923(2), NRS 598.0923(3), NRS 598.0915(4), NRS 598.0923(1) and
3 NRS 598.969(3) and that one or more of said violations were directed toward an elderly or
4 disabled person in violation of NRS 598.0973. NRS 598.969(8) states that a provider of a
5 telecommunication services shall not:

6 Bill a customer for services that the provider knows the customer has not
7 authorized, unless the service is required to be provided by law. The failure of a
8 customer to refuse a proposal from a provider does not constitute specific
9 authorization.

10 NRS 598.969(5) states that a provider of a telecommunication services shall not:

11 Fail to provide a customer with timely written notice containing:

- 12 (a) A clear and detailed description relating directly to the services for which
13 the customer is being billed and the amount the customer is being charged for
14 each service;
15 (b) All terms and conditions relating directly to the services provided; and
16 (c) The name, address and telephone number of the provider.

17 NRS 598.0915(15) states:

18 A person engages in a "deceptive trade practice" if, in the course of his business
19 or occupation, he:

20 . . .

- 21 15. Knowingly makes any other false representation in a transaction.

22 NRS 598.0923(2) states:

23 A person engages in a "deceptive trade practice" when in the course of his
24 business or occupation he knowingly:

25 . . .

- 26 2. Fails to disclose a material fact in connection with the sale or
27 lease of goods or services.

28 NRS 598.0923(3) states:

A person engages in a "deceptive trade practice" when in the course of his
business or occupation he knowingly:

. . .

3. Violates a state or federal statute or regulation relating to the
sale or lease of goods or services.

NRS 598.0915(4) states:

A person engages in a "deceptive trade practice" if, in the course of his business
or occupation, he:

. . .

4. Uses deceptive representations or designations of geographic origin in
connection with goods or services for sale or lease.

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NRS 598.0923(1)

A person engages in a "deceptive trade practice" when in the course of his business or occupation he knowingly:

... 1. Conducts the business or occupation without all required state, county or city licenses.

NRS 598.969(3) states that a provider of a telecommunication services shall not:

Falsely state to a person that the person has subscribed or authorized a subscription to or has received a telecommunication service.

PROCEDURAL HISTORY

On December 20, 2008 the Nevada Attorney General's Bureau of Consumer Protection (BCP) received a complaint filed by Rev. Barbara Paradisi complaining of being billed by Long Distance Depot, Inc. for long distance telephone services which she had neither purchased nor authorized (See Exhibit 1 attached hereto and made a part hereof). On December 22, 2008 a second complaint was received from Albert Corea complaining of being billed by Call for Less, Inc. for long distance telephone services which he had neither purchased nor authorized (See Exhibit 2 attached hereto and made a part hereof). An investigation by this office showed that both of these complaints involved a company called The Payment People, Inc. operating out of Modesto, California.

On March 16, 2009, a complaint was received from David Schoeppler complaining about being billed for long distance telephone services by Connect Direct LD, Inc. which he had neither purchased nor authorized (See Exhibit 3 attached hereto and made a part hereof).

On March 19, 2009 the BCP received another complaint against Long Distance Depot from Erin Fockler indicating that she was being billed for long distance telephone services which she had neither purchased nor authorized (See Exhibit 4 attached hereto and made a part hereof). An investigation showed that Long Distance Depot, Inc., Call for Less, Inc., and Connect Direct LD Inc. were connected to The Payment People, Inc. The continuing investigation showed that neither Long Distance Depot, Inc. Call for Less, Inc., Connect Direct LD, Inc., nor The Payment People, Inc. had a certificate of public convenience with the Public

1 Utilities Commission of Nevada to provide telephone services in Nevada as required by NRS
2 704.330.

3 In its investigation, the BCP obtained information from Billing Concepts, Inc. (USBI) and
4 PaymentOne, Inc., third party billing aggregators, that since January 2008, The Payment
5 People, Inc. on behalf of Universal Call Plan, Inc., Sure Connection LD, Inc., Long Distance
6 Depot, Inc., Flat Rate Long Distance, Inc., Long Distance Mart, Inc., Xoom
7 Telecommunications, Inc., Call Direct, Inc., Call For Less, Inc., and Connect Direct LD, Inc.,
8 had submitted billing data to USBI and PaymentOne indicating that Nevada consumers had
9 purchased long distance telephone services. Between January 2008 to the present, 9318
10 billing requests were submitted by The Payment People, Inc. on behalf of Universal Call Plan,
11 Inc., Sure Connection LD, Inc., Long Distance Depot, Inc., Flat Rate Long Distance, Inc., Long
12 Distance Mart, Inc., Xoom Telecommunications, Inc., Call Direct, Inc., Call For Less, Inc., and
13 for telephone numbers with "775" and "702" telephone numbers (which are Nevada area codes
14 for Nevada consumers). The BCP did a spot check of about 120 of the listed telephone
15 numbers; the BCP could not find one Nevada consumer who had intentionally purchased long
16 distance services from any of the 14 companies or The Payment People, Inc.

17 Three of the Nevada consumers contacted by the BCP still had copies of their old
18 telephone bills and indicated that they would like to file complaint. On September 4, 2009
19 Mary Dreeson filed a complaint indicating that she had been billed by Universal Call Plan, Inc.
20 for telephone services she had neither purchased nor authorized (See Exhibit 121, attached
21 hereto and made a part hereof). Ms. Dreeson is an elderly person. See NRS 598.0933 and
22 NRS 598.0973. On September 8, 2009 Tom and Sharon Andreasen filed a complaint
23 indicating that they had been billed six times by Long Distance Depot, Inc. for telephone
24 services they had neither purchased nor authorized (See Exhibit 122, attached hereto and
25 made a part hereof). The Andreasen's are elderly persons. See NRS 598.0933 and NRS
26 598.0973. On September 9, 2009, Emma Comstock filed a complaint indicating that she had
27 been billed by Sure Connection LD, Inc. for telephone services she had neither purchased nor
28 authorized (See Exhibit 123, attached hereto and made a part hereof). Ms. Comstock is an

1 elderly person. See NRS 598.0933 and NRS 598.0973. Other Nevada consumers could not
2 file complaints since they did not have the billing statements indicating which company had
3 billed them. Since the telephone numbers for the Andreasen's, Ms. Dreeson, and Ms.
4 Comstock came from information provided by The Payment People, Inc. it confirms that the
5 billings were made these companies.¹

6 Between April 28, 2009 and May 6, 2009, Universal Call Plan, Inc., Sure Connection
7 LD, Inc., Long Distance Depot, Inc., Flat Rate Long Distance, Inc., Long Distance Mart, Inc.,
8 Xoom Telecommunications, Inc., Call Direct, Inc., Call For Less, Inc., Connect Direct LD, Inc.,
9 Blue Sky Long Distance, Inc., Coast To Coast Long Distance, Inc., First Choice Long
10 Distance, Inc., Bundled Rate Long Distance Inc., and Smart Dial, Inc. filed applications for
11 public convenience with the Public Utilities Commission of Nevada (PUCN). The BCP
12 intervened in the PUCN filings due to the evidence of deceptive trade practices by Long
13 Distance Depot, Inc. Call for Less, Inc., Connect Direct LD, Inc. and the apparent connection
14 between The Payment People, Inc. and the operation of these companies.

15 The BCP investigation showed that the advertised addresses for Universal Call Plan,
16 Inc., (Atlanta, Georgia) Sure Connection LD, Inc, (Memphis, Tennessee), Long Distance
17 Depot, Inc., (McLean, Virginia), Flat Rate Long Distance, Inc., (Indianapolis, Indiana),
18 Long Distance Mart, Inc., (New Orleans, Louisiana), Xoom Telecommunications, Inc.,
19 (Brookfield, Wisconsin), Call Direct, Inc., (Pittsburgh, Pennsylvania), Call For Less, Inc.,
20 (Miami, Florida), Connect Direct LD, Inc., (Boise, Idaho), Blue Sky Long Distance, Inc.,
21 (Alpharetta, Georgia), Coast To Coast Long Distance, Inc., (Cincinnati, Ohio) First Choice
22 Long Distance, Inc., (Bellevue, Washington), Bundled Rate Long Distance Inc., (Bloomington,
23 Minnesota) and Smart Dial, Inc. (Colorado Springs, Colorado) were nothing but virtual office
24 mail drops, that no business was conducted at these addresses or even in those states. Each
25 of these virtual offices is rented by Jeff McKay of The Payment People. All business functions
26

27 ¹ It is not uncommon for only a few Nevada consumers to complain to the BCP. Although the BCP puts forth
28 considerable effort to encourage victims to contact the BCP, very few realize that they can file complaints with the
Attorney General's office. Most consumers just complain to the local exchange carrier (i.e. AT&T) and go no
further.

1 for all of these companies was solely conducted in Modesto, California. All of the owners live in
2 California. To complete the concealment that Modesto, California is the true location of the
3 company operations, Don McNely of The Payment People, Inc. purchased and registered all of
4 the websites for the 14 corporations using a “proxy” domain service (Domains By Proxy) which
5 conceals the true address of the website owner. To Nevada consumers who had a complaint
6 against any of these companies, they would be diverted to distant states instead of the true
7 location in Modesto, California.

8 The BCP investigation revealed that Universal Call Plan, Inc., Sure Connection LD, Inc.,
9 Long Distance Depot, Inc., Flat Rate Long Distance, Inc., Long Distance Mart, Inc., Xoom
10 Telecommunications, Inc., Call Direct, Inc., Call For Less, Inc., Connect Direct LD, Inc., Blue
11 Sky Long Distance, Inc., Coast To Coast Long Distance, Inc., First Choice Long Distance, Inc.,
12 Bundled Rate Long Distance Inc., and Smart Dial, Inc. are the alter egos of The Payment
13 People, Inc., that all billing, marketing and telephone service for these individual corporations
14 is run exclusively by The Payment People, Inc. through Jeff McKay, Donovan McNely, and
15 Brenda McKay, including all deceptive trade practice violations. That The Payment People,
16 Inc. through Jeff McKay, Donovan McNely, and Brenda McKay purchased the corporations,
17 own all the internet websites, do all of the billing and all of the marketing for each of the
18 individual corporations. The only role played by the “owners” and officers of the corporations is
19 to sign documents and accept a cut of the profits.

20 The BCP investigation revealed that, between January 2008 and the present, The
21 Payment People did the following:

22 1. Billed Nevada consumers in excess of 9318 times for telephone services when
23 neither The Payment People, Inc. nor any of the 14 alter ego companies had the required
24 certificates of public convenience as required by law in violation of NRS 598.0923(1).

25 2. Created the illusion that the operation of these companies were scattered around the
26 United States when in fact all were operated from Modesto, California, in violation of NRS
27 598.0915(4).

28 3. Violated NRS 704.330 in excess of 9318 times for bills issued to Nevada consumers,

1 a violation of NRS 598.0923(3).

2 4. Falsely stated to third party billing aggregators and local telephone exchange
3 carriers, such as AT&T, that Nevada consumer had authorized the purchase of telephone
4 services, in violation of NRS 598.969(3);

5 5. Billed Nevada consumers for telephone services which had not be authorized by the
6 Nevada consumer, in violation of NRS 598.969(8);

7 6. Failed to provide Nevada customers with timely written notice containing a clear and
8 detailed description relating directly to the services for which the customer is being billed and
9 the amount the customer is being charged for each service; all terms and conditions relating
10 directly to the services provided; and the name, address and telephone number of the
11 provider, in violation of NRS 598.969(5);

12 7. Caused billing information to be sent to Nevada consumers falsely informing Nevada
13 consumers that they had authorized the purchase of telephone services in violation of NRS
14 598.0915(15); and

15 8. Failed to disclose on billings for telephone services submitted to third party billing
16 aggregators and local telephone exchange carriers, such as AT&T that the Nevada consumer
17 being billed had not authorized the purchase of telephone services, in violation of NRS
18 598.0923(2).

19 The evidence to support these allegations is as follows:

20 **BUSINESS PRACTICES**

21 **a) Long Distance Depot, Inc.**

22 Long Distance Depot, Inc. is a Nevada corporation (See Exhibit 5, attached hereto and
23 made a part hereof). On April 28, 2009, Long Distance Depot, Inc., filed an application of
24 public convenience with the Public Utilities Commission of Nevada (PUCN) (See Exhibit 6
25 attached hereto and made a part hereof). The application originated from the address 5225
26 Pentecost Dr, Bldg 18, Modesto, California, which is the address of The Payment People, Inc.
27 (See Exhibit 7 attached hereto and made a part hereof). Also of interest was the indication that
28 Long Distance Depot, Inc. is supposedly located at 2010 Corporate Ridge Road, Suite 700,

1 McLean, VA 22102, however, its president, Gail Hopkins, lives in Temecula, California. (See
2 Exhibit 6, page 20 and 21). Gail Hopkins' resume indicates that she has no prior experience in
3 the telecommunications industry (See Exhibit 6, page 36). Also of interest is the Profit and
4 Loss statement provided with the PUCN indicated that Long Distance Depot, Inc. had income
5 of \$260,893.64 in 2008, but had \$382,228.83 in expenses. This resulted in an annual loss of
6 \$121,389.19 (See Exhibit 6, page 24 and 25). Because of the complaints of Rev. Barbara
7 Paradisi and Erin Fockler against Long Distance Depot, Inc. for unauthorized billing the BCP
8 filed to intervene in the application hearing before the PUCN.

9 As part of the administrative process before the PUCN, both the PUCN staff and the
10 BCP filed data requests to Long Distance Depot, Inc. who responded in part (See Exhibit 8
11 attached hereto and made a part hereof). The responses to the data request included a copy
12 of the "Management Agreement" between Long Distance Depot, Inc. and The Payment
13 People, Inc. That "Management Agreement" states that The Payment People, Inc. will have
14 "the exclusive rights for management and as the marketing agent" for Long Distance Depot,
15 Inc. and to provide customer service, billing and collection services (See Exhibit 8, page 57). In
16 addition, Long Distance Depot, Inc. was to provide a "power of attorney" to The Payment
17 People, Inc. (See Exhibit 8, page 58). The "Power of Attorney" states:

18 "I...appoint THE PAYMENT PEOPLE...as the company's attorney-in-fact
19 and to act in company's place...to conduct business... [with] ...full
20 authority to act in any manner ... and ratify every act that he may lawfully
perform in exercising those powers."

21 (See Exhibit 8, page 62). This creates in fact an unlimited power of attorney for THE
22 PAYMENT PEOPLE, INC. to operate as the alter ego of Long Distance Depot, Inc. According
23 to the "Management Agreement" Gail Hopkins, the owner of Long Distance Depot, Inc., only
24 "provides Payment People with availability of signatures," and some vague "consulting"
25 services. (See Exhibit 8, page 58). The response to the data requests also indicated that Gail
26 Hopkins is 100% owner of Long Distance Depot, Inc. (See Exhibit 8, page 40). The responses
27 to the data request also indicated that:

28 Long Distance Depot, Inc. operates only as a virtual office with mail forwarding

1 services. Thus, there will be no employees stationed at the McLean, Virginia
2 address.

3 (See Exhibit 8, page 41). Lastly, the response admits that no written notice is sent to new
4 “customers” by mail, notifying them with a clear and detailed description relating directly to the
5 services for which the customer is being billed; all terms and conditions relating directly to the
6 services provided; and the name, address and telephone number of the provider. (See Exhibit
7 8, page 45 to 46).

8 The independent investigation of The Payment People, Inc. and Long Distance Depot,
9 Inc. revealed that the address for Long Distance Depot, Inc.; 2010 Corporate Ridge Road,
10 Suite 700, McLean, VA 22102 is in reality nothing more than a “virtual office” which had been
11 leased by The Payment People, Inc. through Jeff McKay (See Exhibit 8, page 64 and 65, and
12 Exhibit 9, attached hereto and made a part hereof). In addition, the agreements for the “virtual
13 office” indicated that the only service to be provided at the 2010 Corporate Ridge Road, Suite
14 700, McLean, VA 22102 was for mail forwarding (See Exhibit 8, page 64). Long Distance
15 Depot, Inc. does not have a contract with the landlord for 2010 Corporate Ridge Road, Suite
16 700, McLean, VA 22102, Regus Management. In truth, Long Distance Depot, Inc. is operated
17 by The Payment People, Inc. at 5225 Pentecost Dr, Bldg 18, Modesto, California and there is
18 no activity or employees of Long Distance Depot, Inc. in McLean, Virginia. (See Exhibit 8,
19 page 41). This appears to be a deliberate attempt to divert consumers from discovering that
20 Long Distance Depot, Inc. is purely a California/Nevada operation.

21 A search of the internet for information regarding “Long Distance Depot” on May 5,
22 2009 indicated the only reference to “Long Distance Depot” was the internet website
23 www.longdistancedepot.net (See Exhibit 10, attached hereto and made a part hereof). The
24 address on the internet site of 2010 Corporate Ridge Road, Suite 700, McLean, VA 22102
25 confirms that this is Long Distance Depot, Inc.’s website. (See Exhibit 10, page 86). According
26 to the Domain Tools website registry check, www.longdistancedepot.net is registered with
27 Domains by Proxy, Inc. (See Exhibit 11, attached hereto and made a part hereof). The BCP
28 sent a subpoena to Domains by Proxy. Domains by Proxy, Inc. and they responded to that

1 subpoena on May 21, 2009 (See Exhibit 12, attached hereto and made a part hereof). The
2 return on the subpoena indicated that www.longdistancedepot.net is registered to Don McNely
3 (See Exhibit 12, page 98). Donovan (Don) McNely is listed as the Secretary for The Payment
4 People, Inc. at the Nevada Secretary of State website. (See Exhibit 13, attached hereto and
5 made a part hereof). Jeff McKay is listed as the President and Director for The Payment
6 People, Inc. at the Nevada Secretary of State website (See Exhibit 13, page 113). Brenda
7 McKay is listed as the Treasurer for The Payment People, Inc. at the Nevada Secretary of
8 State website (See Exhibit 13, page 113).

9 On July 28, 2009, Long Distance Depot, Inc. filed supplemental responses to the
10 original BCP data request. (See Exhibit 14, attached hereto and made a part hereof). In that
11 response Long Distance Depot, Inc. indicates that it has no independent contract with any
12 reseller of telephone services and that only The Payment People, Inc. have a switching
13 agreement which is with Virtual PBX (See Exhibit 14, page 115). Because Long Distance
14 Depot, Inc. did not provide any payment agreement showing how payments were made by
15 Long Distance Depot, Inc. to The Payment People, Inc., nor from The Payment People, Inc. to
16 Long Distance Depot, Inc., BCP asked for clarification which was supposed to be attached to
17 the contract for services as "Schedule B" (Exhibit 8, page 44) but was missing. On July 28,
18 2009, Long Distance Depot, Inc. provided "Schedule B" but redacted all of the payment
19 information (Exhibit 14, page 118).

20 In response to a subpoena issued to The Payment People, Inc. on July 31, 2009, The
21 Payment People, Inc. submitted records to the BCP indicating that between August 2008 to
22 July 2009, The Payment People, Inc. sent out 1848 bills for Long Distance Depot, Inc. at
23 \$19.95 per month to Nevada consumers. (See Exhibit 15, attached hereto and made a part
24 hereof, pages 222 to 240). These billings were sent to Billing Concepts to bill Nevada
25 consumers. Neither The Payment People, Inc., nor Long Distance Depot, Inc., have, or have
26 ever had, a certificate of public convenience from the PUCN.

27 The BCP investigation and the responses to the data requests provided by Long
28 Distance Depot, Inc. as part of the PUCN application process, indicates that in fact The

1 Payment People, Inc. is the alter ego of Long Distance Depot, Inc. The corporation was
2 created and paid for by Jeff McKay of The Payment People, Inc. (Exhibit 7, page 38) and
3 although requests have been made, no sale of Long Distance Depot, Inc. has been provided
4 by The Payment People, Inc. The website for Long Distance Depot, Inc. is owned by Don Mc
5 Nely of The Payment People, Inc. not Long Distance Depot, Inc. (Exhibit 12, page 98). The
6 “virtual office” for Long Distance Depot, Inc., 2010 Corporate Ridge Road, Suite 700, McLean,
7 VA 22102, is rented by Jeff McKay of The Payment People, Inc. not Long Distance Depot, Inc.
8 (Exhibit 8, page 64 and 65). In fact, the only activity by Gail Hopkins, the owner of Long
9 Distance Depot, Inc., is only to provide “Payment People with availability of signatures.” (See
10 Exhibit 8, page 57). Long Distance Depot, Inc. cannot operate except through The Payment
11 People, Inc.

12 The BCP has probable cause to investigate The Payment People, Inc. doing business
13 as Long Distance Depot, Inc. in violation of NRS 598.0923(1), NRS 598.0923(3), NRS
14 598.0915(4), NRS 598.969(3), NRS 598.969(8), NRS 598.969(5), NRS 598.0915(15), and
15 NRS 598.0923(2).

16 **(Note to reader: The following 13 companies are variations of the pattern of practice of**
17 **Long Distance Depot, Inc. with only variations as to names and virtual office locations.)**

18 **b) Call for Less, Inc.**

19 Call for Less, Inc. is a Nevada corporation (See Exhibit 16, attached hereto and made a
20 part hereof). On April 28, 2009, Call for Less, Inc., filed an application of public convenience
21 with the Public Utilities Commission of Nevada (PUCN) (See Exhibit 17 attached hereto and
22 made a part hereof). The application originated from the address 5225 Pentecost Dr, Bldg 18,
23 Modesto, California, which is the address of The Payment People, Inc. (See Exhibit 17, page
24 282). Also of interest was the indication that Call for Less, Inc. is supposedly located at 80
25 S.W. 8th Street, Suite 2000, Miami, FL 33130, however, its president, Donna Clayton, lives in
26 La Grange, California. (See Exhibit 17, pages 285 and 286). Donna Clayton’s resume
27 indicates that she has no prior experience in the telecommunications industry (See Exhibit 17,
28 page 301). Also of interest is the Profit and Loss statement provided with the PUCN indicated

1 that Call for Less, Inc. had income of \$258,171.98 in 2008, but had \$258,172.26 in expenses.
2 This resulted in an annual loss of \$.28 (See Exhibit 17, pages 290 and 291). Because of the
3 investigation of The Payment People, Inc. related to Call for Less, Inc. (above) the BCP filed to
4 intervene in the application hearing before the PUCN.

5 As part of the administrative process before the PUCN, both the PUCN staff and the
6 BCP filed data requests to Call for Less, Inc. who responded in part (See Exhibit 18 attached
7 hereto and made a part hereof). The responses to the data request included a copy of the
8 "Management Agreement" between Call for Less, Inc. and The Payment People, Inc. That
9 "Management Agreement" states that The Payment People, Inc. will have "the exclusive rights
10 for management and as the marketing agent" for Call for Less, Inc. and to provide customer
11 service, billing and collection services (See Exhibit 18, page 325). In addition, Call for Less,
12 Inc. was to provide a "power of attorney" to The Payment People, Inc. (See Exhibit 18, page
13 330). The "Power of Attorney" states:

14 "I...appoint THE PAYMENT PEOPLE...as the company's attorney-in-fact
15 and to act in company's place...to conduct business... [with] ...full
16 authority to act in any manner ... and ratify every act that he may lawfully
perform in exercising those powers."

17 (See Exhibit 18, page 330). This creates, in fact, an unlimited power of attorney for The
18 Payment People, Inc. to operate as the alter ego of Call for Less, Inc. According to the
19 "Management Agreement" Donna Clayton, the owner of Call for Less, Inc., only "provides
20 Payment People with availability of signatures," and some vague "consulting" services. (See
21 Exhibit 18, page 325). The response to the data requests also indicated that Donna Clayton is
22 100% owner of Call for Less, Inc. (See Exhibit 18, page 307). The responses to the data
23 request also indicated that:

24 Call for Less, Inc. operates only as a virtual office with mail forwarding services.
25 Thus, there will be no employees stationed at the Miami, Florida address.

26 (See Exhibit 18, page 308). Lastly, the response admits that no written notice is sent to new
27 "customers" by mail, notifying them with a clear and detailed description relating directly to the
28 services for which the customer is being billed; all terms and conditions relating directly to the

1 services provided; and the name, address and telephone number of the provider. (See Exhibit
2 18, page 313).

3 The independent investigation of The Payment People, Inc. and Call for Less, Inc.
4 revealed that the address for Call for Less, Inc.; 80 S.W. 8th Street, Suite 2000, Miami, FL
5 33130 is in reality nothing more than a “virtual office” which had been leased by The Payment
6 People, Inc. through Jeff McKay (See Exhibit 18, page 333, and Exhibit 19, attached hereto
7 and made a part hereof). Call for Less, Inc. does not have a contract with the landlord for 80
8 S.W. 8th Street, Suite 2000, Miami, FL 33130, Regus Management. In truth, Call for Less, Inc.
9 is operated by The Payment People, Inc. at 5225 Pentecost Dr, Bldg 18, Modesto, California
10 and there is no activity or employees of Call for Less, Inc. in Miami, Florida. (See Exhibit 18,
11 page 308). This appears to be a deliberate attempt to divert consumers from discovering that
12 Call for Less, Inc. is purely a California/Nevada operation.

13 A search of the internet for information regarding “Call for Less” on May 5, 2009
14 indicated the only reference to “Call for Less” was the internet website www.mycallforless.com
15 (See Exhibit 20, attached hereto and made a part hereof). The address on the internet site of
16 80 S.W. 8th Street, Suite 2000, Miami, FL 33130 confirms that this is Call for Less, Inc.’s
17 website. (See Exhibit 20, page 344). According to the Domain Tools website registry check,
18 www.mycallforless.com is registered with Domains by Proxy, Inc. (See Exhibit 21, attached
19 hereto and made a part hereof). The BCP sent a subpoena to Domains by Proxy. Domains by
20 Proxy, Inc. responded to that subpoena on May 21, 2009 (See Exhibit 12, attached hereto and
21 made a part hereof). The return on the subpoena indicated that www.mycallforless.com is
22 registered to Don McNely (See Exhibit 12, page 100). Donovan (Don) McNely is listed as the
23 Secretary for The Payment People, Inc. at the Nevada Secretary of State website. (See Exhibit
24 13, attached hereto and made a part hereof). Jeff McKay is listed as the President and
25 Director for The Payment People, Inc. at the Nevada Secretary of State website (See Exhibit
26 13, page 113). Brenda McKay is listed as the Treasurer for The Payment People, Inc. at the
27 Nevada Secretary of State website (See Exhibit 13, page 113).

28 On July 28, 2009, Call for Less, Inc. filed supplemental responses to the original BCP

1 data request. (See Exhibit 22, attached hereto and made a part hereof). In that response Call
2 for Less, Inc. indicates that it has no independent contract with any reseller of telephone
3 services and that only The Payment People, Inc. have a switching agreement which is with
4 Virtual PBX (See Exhibit 22, page 348). Because Call for Less, Inc. did not provide any
5 payment agreement showing how payments were made by Call for Less, Inc. to The Payment
6 People, Inc., nor from The Payment People, Inc. to Call for Less, Inc., BCP asked for
7 clarification which was supposed to be attached to the contract for services as "Schedule B"
8 (Exhibit 18, page 325) but was missing. On July 28, 2009, Call for Less, Inc. provided
9 "Schedule B" but redacted all of the payment information (Exhibit 22, page 351).

10 In response to a subpoena issued to The Payment People, Inc. on July 31, 2009, The
11 Payment People, Inc. submitted records to the BCP indicating that between September 2008
12 to July 2009, The Payment People, Inc. sent out 1760 bills for Call for Less, Inc. at \$19.95 per
13 month to Nevada consumers. (See Exhibit 15, attached hereto and made a part hereof, pages
14 159 to 173). These billings were sent to Billing Concepts to bill Nevada consumers. Neither
15 The Payment People, Inc., nor Call for Less, Inc., have, or have ever had, a certificate of
16 public convenience from the PUCN.

17 The BCP investigation and the responses to the data requests provided by Call for
18 Less, Inc. as part of the PUCN application process, indicates that, in fact, The Payment
19 People, Inc. is the alter ego of Call for Less, Inc. The corporation was created and paid for by
20 Jeff McKay of The Payment People, Inc. (Exhibit 23, attached hereto and made a part hereof)
21 and although requests have been made, no sale of Call for Less, Inc. has been provided by
22 The Payment People, Inc. The website for Call for Less, Inc. is owned by Don Mc Nely of The
23 Payment People, Inc. not Call for Less, Inc. (Exhibit 12, page 100). The "virtual office" for Call
24 for Less, Inc., 80 S.W. 8th Street, Suite 2000, Miami, FL 33130, is rented by Jeff McKay of The
25 Payment People, Inc. not Call for Less, Inc. (Exhibit 18, page 333 and Exhibit 19, pages 336
26 and 337). In fact, the only activity by Donna Clayton, the owner of Call for Less, Inc., is only to
27 provide "Payment People with availability of signatures." (See Exhibit 18, page 325). Call for
28 Less, Inc. cannot operate except through The Payment People, Inc.

1 The BCP has probable cause to investigate The Payment People, Inc. doing business
2 as Call for Less, Inc. in violation of NRS 598.0923(1), NRS 598.0923(3), NRS 598.0915(4),
3 NRS 598.969(3), NRS 598.969(8), NRS 598.969(5), NRS 598.0915(15), and NRS
4 598.0923(2).

5 **c) Connect Direct LD, Inc.**

6 Connect Direct LD, Inc. is a Nevada corporation (See Exhibit 24, attached hereto and
7 made a part hereof). On April 28, 2009, Connect Direct LD, Inc., filed an application of public
8 convenience with the Public Utilities Commission of Nevada (PUCN) (See Exhibit 25 attached
9 hereto and made a part hereof). The application originated from the address 5225 Pentecost
10 Dr, Bldg 18, Modesto, California, which is the address of The Payment People, Inc. (See
11 Exhibit 25, page 357). Also of interest was the indication that Connect Direct LD, Inc. is
12 supposedly located at 950 Bannock Street, Suite 1100, Boise, ID 83702, however, its
13 president, Jill Simas, lives in Riverbank, California. (See Exhibit 25, pages 360 and 361). Jill
14 Simas' resume indicates that she has no prior experience in the telecommunications industry
15 (See Exhibit 25, page 374). Also of interest is the Profit and Loss statement provided with the
16 PUCN indicated that to Connect Direct LD, Inc. had income of \$500.00 in 2008, but had
17 \$464.25 in expenses. This resulted in an annual profit of \$35.75 (See Exhibit 25, pages 364
18 and 365). Because of the investigation of The Payment People, Inc. related to Connect Direct
19 LD, Inc. (above) the BCP filed to intervene in the application hearing before the PUCN.

20 As part of the administrative process before the PUCN, both the PUCN staff and the
21 BCP filed data requests to Connect Direct LD, Inc. who responded in part (See Exhibit 26
22 attached hereto and made a part hereof). The responses to the data request included a copy
23 of the "Management Agreement" between Connect Direct LD, Inc. and The Payment People,
24 Inc. That "Management Agreement" states that The Payment People, Inc. will have "the
25 exclusive rights for management and as the marketing agent" for Connect Direct LD, Inc. and
26 to provide customer service, billing and collection services (See Exhibit 26, page 399). In
27 addition, Connect Direct LD, Inc. was to provide a "power of attorney" to The Payment People,
28 Inc. (See Exhibit 26, page 404). The "Power of Attorney" states:

1 "I...appoint THE PAYMENT PEOPLE...as the company's attorney-in-fact
2 and to act in company's place...to conduct business... [with] ...full
3 authority to act in any manner ... and ratify every act that he may lawfully
perform in exercising those powers."

4 (See Exhibit 26, page 404). This creates in fact an unlimited power of attorney for THE
5 PAYMENT PEOPLE, INC. to operate as the alter ego of Connect Direct LD, Inc. According to
6 the "Management Agreement" Jill Simas, the owner of Connect Direct LD, Inc., only "provides
7 Payment People with availability of signatures," and some vague "consulting" services. (See
8 Exhibit 26, page 399). The response to the data requests also indicated that Jill Simas is 100%
9 owner of Connect Direct LD, Inc. (See Exhibit 26, page 382). The responses to the data
10 request also indicated that:

11 Connect Direct LD, Inc. operates only as a virtual office with mail forwarding
12 services. Thus, there will be no employees stationed at the Boise, Idaho address.

13 (See Exhibit 26, page 383). Lastly, the response admits that no written notice is sent to new
14 "customers" by mail, notifying them with a clear and detailed description relating directly to the
15 services for which the customer is being billed; all terms and conditions relating directly to the
16 services provided; and the name, address and telephone number of the provider. (See Exhibit
17 26, page 388).

18 The independent investigation of The Payment People, Inc. and Connect Direct LD, Inc.
19 revealed that the address for Connect Direct LD, Inc.; 950 Bannock Street, Suite 1100, Boise,
20 ID 83702 is, in reality, nothing more than a "virtual office" which had been leased by The
21 Payment People, Inc. through Jeff McKay (See Exhibit 26, page 407, and Exhibit 27, attached
22 hereto and made a part hereof). In truth, Connect Direct LD, Inc. is operated by The Payment
23 People, Inc. at 5225 Pentecost Dr, Bldg 18, Modesto, California and there is no activity or
24 employees of Connect Direct LD, Inc. in Boise, Idaho. (See Exhibit 26, page 383 and 384).
25 This appears to be a deliberate attempt to divert consumers from discovering that Connect
26 Direct LD, Inc. is purely a California/Nevada operation.

27 A search of the internet for information regarding "Connect Direct" on May 5, 2009
28 indicated the only reference to "Connect Direct" was the internet website

1 www.connectdirectld.com (See Exhibit 28, attached hereto and made a part hereof). The
2 address on the internet site of 950 Bannock Street, Suite 1100, Boise, ID 83702 confirms that
3 this is Connect Direct LD, Inc.'s website. (See Exhibit 28, page 428). According to the Domain
4 Tools website registry check, www.connectdirectld.com is registered with Domains by Proxy,
5 Inc. (See Exhibit 29, attached hereto and made a part hereof). The BCP sent a subpoena to
6 Domains by Proxy. Domains by Proxy, Inc. responded to that subpoena on May 21, 2009 (See
7 Exhibit 12, attached hereto and made a part hereof). The return on the subpoena indicated
8 that www.connectdirectld.com is registered to Don McNely (See Exhibit 12, page 96).
9 Donovan (Don) McNely is listed as the Secretary for The Payment People, Inc. at the Nevada
10 Secretary of State website. (See Exhibit 13, attached hereto and made a part hereof). Jeff
11 McKay is listed as the President and Director for The Payment People, Inc. at the Nevada
12 Secretary of State website (See Exhibit 13, page 113). Brenda McKay is listed as the
13 Treasurer for The Payment People, Inc. at the Nevada Secretary of State website (See Exhibit
14 13, page 113).

15 On July 28, 2009, Connect Direct LD, Inc. filed supplemental responses to the original
16 BCP data request. (See Exhibit 30, attached hereto and made a part hereof). In that response
17 Connect Direct LD, Inc. indicates that it has no independent contract with any reseller of
18 telephone services and that only The Payment People, Inc. have a switching agreement which
19 is with Virtual PBX (See Exhibit 30, page 432). Because Connect Direct LD, Inc. did not
20 provide any payment agreement showing how payments were made by Connect Direct LD,
21 Inc. to The Payment People, Inc., nor from The Payment People, Inc. to Connect Direct LD,
22 Inc., BCP asked for clarification which was supposed to be attached to the contract for
23 services as "Schedule B" (Exhibit 30, page 431) but was missing. On July 28, 2009, Connect
24 Direct LD, Inc. provided "Schedule B" but redacted all of the payment information (Exhibit 30,
25 page 435).

26 In response to a subpoena issued to PaymentOne Corporation on July 9, 2009,
27 PaymentOne Corporation submitted records to the BCP indicating that between December
28 2008 to July 2009, The Payment People, Inc. sent out 551 bills for Connect Direct LD, Inc. at

1 \$19.95 per month to Nevada consumers. (See Exhibit 30A, attached hereto and made a part
2 hereof). These billings were sent by The Payment People, Inc. to PaymentOne Corporation to
3 bill Nevada consumers. Neither The Payment People, Inc. nor Connect Direct LD, Inc., have,
4 or have ever had, a certificate of public convenience from the PUCN.

5 The BCP investigation and the responses to the data requests provided by Connect
6 Direct LD, Inc. as part of the PUCN application process, indicates that, in fact, The Payment
7 People, Inc. is the alter ego of Connect Direct LD, Inc. The corporation was created and paid
8 for by Jeff McKay of The Payment People, Inc. (Exhibit 31, attached hereto and, made a part
9 hereof) and although requests have been made, no sale of Connect Direct LD, Inc. has been
10 provided by The Payment People, Inc. The website for Connect Direct LD, Inc. is owned by
11 Don Mc Nely of The Payment People, Inc. not Connect Direct LD, Inc. (Exhibit 12, page 96).
12 The "virtual office" for Connect Direct LD, Inc., 950 Bannock Street, Suite 1100, Boise, ID
13 83702, is rented by Jeff McKay of The Payment People, Inc. not Connect Direct LD,
14 Inc. (Exhibit 26, page 407 and Exhibit 27, pages 412 and 413). In fact, the only activity by Jill
15 Simas, the owner of Connect Direct LD, Inc., is only to provide "Payment People with
16 availability of signatures." (See Exhibit 26, page 399). Connect Direct LD, Inc. cannot operate
17 except through The Payment People, Inc.

18 The BCP has probable cause to investigate The Payment People, Inc. doing business
19 as Connect Direct LD, Inc. in violation of NRS 598.0923(1), NRS 598.0923(3), NRS
20 598.0915(4), NRS 598.969(3), NRS 598.969(8), NRS 598.969(5), NRS 598.0915(15), and
21 NRS 598.0923(2).

22 **d) Universal Call Plan, Inc.**

23 Universal Call Plan, Inc. is a Nevada corporation (See Exhibit 32, attached
24 hereto and made a part hereof). On April 28, 2009, Universal Call Plan, Inc., filed an
25 application of public convenience with the Public Utilities Commission of Nevada (PUCN) (See
26 Exhibit 33 attached hereto and made a part hereof). The application originated from the
27 address 5225 Pentecost Dr, Bldg 18, Modesto, California, which is the address of The
28 Payment People, Inc. (See Exhibit 33 attached hereto and made a part hereof). Also of

1 interest was the indication that Universal Call Plan, Inc. is supposedly located at 3525
2 Piedmont Road, 7 Piedmont Center, Suite 300, Atlanta, GA 30305, however, its president,
3 Michael Hansen, lives in Rescue, California. (See Exhibit 33, pages 444 and 445). Michael
4 Hansen's resume indicates that she has no prior experience in the telecommunications
5 industry (See Exhibit 33, page 458). Also of interest is the Profit and Loss statement provided
6 with the PUCN indicated that Universal Call Plan, Inc. had income of \$117,023.32 in 2008, but
7 had \$ 219,568.64 in expenses. This resulted in an annual loss of \$ 102,545.32 (See Exhibit
8 33, pages 448 and 449). Because of the investigation of The Payment People, Inc. related to
9 Universal Call Plan, Inc. (above) the BCP filed to intervene in the application hearing before
10 the PUCN.

11 As part of the administrative process before the PUCN, both the PUCN staff and the
12 BCP filed data requests to Universal Call Plan, Inc. who responded in part (See Exhibit 34
13 attached hereto and made a part hereof). The responses to the data request included a copy
14 of the "Management Agreement" between Universal Call Plan, Inc. and The Payment People,
15 Inc. That "Management Agreement" states that The Payment People, Inc. will have "the
16 exclusive rights for management and as the marketing agent" for Universal Call Plan, Inc. and
17 to provide customer service, billing and collection services (See Exhibit 34, page 483). In
18 addition, Universal Call Plan, Inc. was to provide a "power of attorney" to The Payment People,
19 Inc. (See Exhibit 34, page 488). The "Power of Attorney" states:

20 "I...appoint THE PAYMENT PEOPLE...as the company's attorney-in-fact
21 and to act in company's place...to conduct business... [with] ...full
22 authority to act in any manner ... and ratify every act that he may lawfully
perform in exercising those powers."

23 (See Exhibit 34, page 488). This creates, in fact, an unlimited power of attorney for THE
24 PAYMENT PEOPLE, INC. to operate as the alter ego of Universal Call Plan, Inc. According
25 to the "Management Agreement" Michael Hansen, the owner of Universal Call Plan, Inc., only
26 "provides Payment People with availability of signatures," and some vague "consulting"
27 services. (See Exhibit 34, page 483). The response to the data requests also indicated that
28 Michael Hansen is 100% owner of Universal Call Plan, Inc. (See Exhibit 34, page 467). The

1 responses to the data request also indicated that:

2 Universal Call Plan, Inc. operates only as a virtual office with mail forwarding
3 services. Thus, there will be no employees stationed at the Atlanta, Georgia
4 address.

5 (See Exhibit 34, page 468). Lastly, the response admits that no written notice is sent to new
6 “customers” by mail, notifying them with a clear and detailed description relating directly to the
7 services for which the customer is being billed; all terms and conditions relating directly to the
8 services provided; and the name, address and telephone number of the provider. (See Exhibit
9 34, page 473).

10 The independent investigation of The Payment People, Inc. and Universal Call Plan,
11 Inc. revealed that the address for Universal Call Plan, Inc.; 3525 Piedmont Road, 7 Piedmont
12 Center, Suite 300, Atlanta, GA 30305 is in reality nothing more than a “virtual office” which had
13 been leased by The Payment People, Inc. through Jeff McKay (See Exhibit 34, page 333, and
14 Exhibit 35, attached hereto and made a part hereof). In truth, Universal Call Plan, Inc. is
15 operated by The Payment People, Inc. at 5225 Pentecost Dr, Bldg 18, Modesto, California and
16 there is no activity or employees of Universal Call Plan, Inc. in Atlanta, Georgia. (See Exhibit
17 34, pages 491 and 492). This appears to be a deliberate attempt to divert consumers from
18 discovering that Universal Call Plan, Inc. is purely a California/Nevada operation.

19 A search of the internet for information regarding “Universal Call Plan” on May 5, 2009
20 indicated the only reference to “Universal Call Plan” was the internet website
21 www.universalcp.net (See Exhibit 36, attached hereto and made a part hereof). The address
22 on the internet site of 3525 Piedmont Road, 7 Piedmont Center, Suite 300, Atlanta, GA 30305
23 confirms that this is Universal Call Plan, Inc.’s website. (See Exhibit 36, page 513). According
24 to the Domain Tools website registry check, www.universalcp.net is registered with Domains
25 by Proxy, Inc. (See Exhibit 37, attached hereto and made a part hereof). The BCP sent a
26 subpoena to Domains by Proxy. Domains by Proxy, Inc. responded to that subpoena on May
27 21, 2009 (See Exhibit 12, attached hereto and made a part hereof). The return on the
28 subpoena indicated that www.universalcp.net is registered to Don McNely (See Exhibit 12,
page 106). Donovan (Don) McNely is listed as the Secretary for The Payment People, Inc. at

1 the Nevada Secretary of State website. (See Exhibit 13, attached hereto and made a part
2 hereof). Jeff McKay is listed as the President and Director for The Payment People, Inc. at the
3 Nevada Secretary of State website (See Exhibit 13, page 113). Brenda McKay is listed as the
4 Treasurer for The Payment People, Inc. at the Nevada Secretary of State website (See Exhibit
5 13, page 113).

6 On July 28, 2009, Universal Call Plan, Inc. filed supplemental responses to the original
7 BCP data request. (See Exhibit 38, attached hereto and made a part hereof). In that response
8 Universal Call Plan, Inc. indicates that it has no independent contract with any reseller of
9 telephone services and that only The Payment People, Inc. have a switching agreement which
10 is with Virtual PBX (See Exhibit 38, page 517). Because Universal Call Plan, Inc. did not
11 provide any payment agreement showing how payments were made by Universal Call Plan,
12 Inc. to The Payment People, Inc., nor from The Payment People, Inc. to Universal Call Plan,
13 Inc., BCP asked for clarification which was supposed to be attached to the contract for
14 services as "Schedule B" (Exhibit 38, page 516) but was missing. On July 28, 2009, Universal
15 Call Plan, Inc. provided "Schedule B" but redacted all of the payment information (Exhibit 38,
16 page 520).

17 In response to a subpoena issued to The Payment People, Inc. on July 31, 2009, The
18 Payment People, Inc. submitted records to the BCP indicating that between September 2008
19 to May 2009, The Payment People, Inc. sent out 1194 bills for Universal Call Plan, Inc. at
20 \$19.95 per month to Nevada consumers. (See Exhibit 15, attached hereto and made a part
21 hereof, pages 263 to 276). These billings were sent to Billing Concepts to bill Nevada
22 consumers. Neither The Payment People, Inc., nor Universal Call Plan, Inc., have, or have
23 ever had, a certificate of public convenience from the PUCN.

24 The BCP investigation and the responses to the data requests provided by Universal
25 Call Plan, Inc. as part of the PUCN application process, indicates that in fact The Payment
26 People, Inc. is the alter ego of Universal Call Plan, Inc. The corporation was created and paid
27 for by Jeff McKay of The Payment People, Inc. (Exhibit 39, attached hereto and made a part
28 hereof, pages 521 and 522) and although requests have been made, no sale of Universal Call

1 Plan, Inc. has been provided by The Payment People, Inc. The website for Universal Call Plan,
2 Inc. is owned by Don Mc Nely of The Payment People, Inc. not Universal Call Plan, Inc.
3 (Exhibit 12, page 106). The “virtual office” for Universal Call Plan, Inc., 3525 Piedmont Road, 7
4 Piedmont Center, Suite 300, Atlanta, GA 30305, is rented by Jeff McKay of The Payment
5 People, Inc. not Universal Call Plan, Inc. (Exhibit 34, page 491). In fact, the only activity by
6 Michael Hansen, the owner of Universal Call Plan, Inc., is only to provide “Payment People
7 with availability of signatures.” (See Exhibit 34, page 483). Universal Call Plan, Inc. cannot
8 operate except through The Payment People, Inc.

9 The BCP has probable cause to investigate The Payment People, Inc. doing business
10 as Universal Call Plan, Inc. in violation of NRS 598.0923(1), NRS 598.0923(3), NRS
11 598.0915(4), NRS 598.969(3), NRS 598.969(8), NRS 598.969(5), NRS 598.0915(15), and
12 NRS 598.0923(2).

13 **e) Sure Connection LD, Inc.**

14 Sure Connection LD, Inc. is a Nevada corporation (See Exhibit 40, attached hereto and
15 made a part hereof). On April 28, 2009, Sure Connection LD, Inc., filed an application of public
16 convenience with the Public Utilities Commission of Nevada (PUCN) (See Exhibit 41 attached
17 hereto and made a part hereof). The application originated from the address 5225 Pentecost
18 Dr, Bldg 18, Modesto, California, which is the address of The Payment People, Inc. (See
19 Exhibit 41, page 526). Also of interest was the indication that Sure Connection LD, Inc. is
20 supposedly located at 5100 Poplar Avenue, Suite 2700, Memphis, TN 36137, however, its
21 president, Shawna Nunes, lives in Modesto, California. (See Exhibit 41, page 529 and 530).
22 Shawna Nunes’ resume indicates that she has no prior experience in the telecommunications
23 industry (See Exhibit 41, pages 545 and 546). Also of interest is the Profit and Loss statement
24 provided with the PUCN indicated that Sure Connection LD, Inc. had income of \$410,281.13 in
25 2008, but had \$ 410,444.58 in expenses. This resulted in an annual loss of \$153.45 (See
26 Exhibit 41, pages 535 and 536). Because of the investigation of The Payment People, Inc.
27 related to Sure Connection LD, Inc. (above) the BCP filed to intervene in the application
28 hearing before the PUCN.

1 As part of the administrative process before the PUCN, both the PUCN staff and the
2 BCP filed data requests to Sure Connection LD, Inc. who responded in part (See Exhibit 42
3 attached hereto and made a part hereof). The responses to the data request included a copy
4 of the "Management Agreement" between Sure Connection LD, Inc. and The Payment People,
5 Inc. That "Management Agreement" states that The Payment People, Inc. will have "the
6 exclusive rights for management and as the marketing agent" for Sure Connection LD, Inc.
7 and to provide customer service, billing and collection services (See Exhibit 42, page 571). In
8 addition, Sure Connection LD, Inc. was to provide a "power of attorney" to The Payment
9 People, Inc. (See Exhibit 42, page 576). The "Power of Attorney" states:

10 "I...appoint THE PAYMENT PEOPLE...as the company's attorney-in-fact
11 and to act in company's place...to conduct business... [with] ...full
12 authority to act in any manner ... and ratify every act that he may lawfully
13 perform in exercising those powers."

13 (See Exhibit 42, page 576). This creates in fact an unlimited power of attorney for THE
14 PAYMENT PEOPLE, INC. to operate as the alter ego of Sure Connection LD, Inc. According
15 to the "Management Agreement" Shawna Nunes, the owner of Sure Connection LD, Inc., only
16 "provides Payment People with availability of signatures," and some vague "consulting"
17 services. (See Exhibit 42, page 571). The response to the data requests also indicated that
18 Shawna Nunes is 100% owner of Sure Connection LD, Inc. (See Exhibit 42, page 556). The
19 responses to the data request also indicated that:

20 Sure Connection LD, Inc. operates only as a virtual office with mail forwarding
21 services. Thus, there will be no employees stationed at the Memphis, Tennessee
22 address.

22 (See Exhibit 42, page 557). Lastly, the response admits that no written notice is sent to new
23 "customers" by mail, notifying them with a clear and detailed description relating directly to the
24 services for which the customer is being billed; all terms and conditions relating directly to the
25 services provided; and the name, address and telephone number of the provider. (See Exhibit
26 42, page 560 and 561).

27 The independent investigation of The Payment People, Inc. and Sure Connection LD,
28 Inc. revealed that the address for Sure Connection LD, Inc.; 5100 Poplar Avenue, Suite 2700,

1 Memphis, TN 36137 is in reality nothing more than a “virtual office” which had been leased by
2 The Payment People, Inc. through Jeff McKay (See Exhibit 42, page 579 and 580, and Exhibit
3 43, attached hereto and made a part hereof). In truth, Sure Connection LD, Inc. is operated by
4 The Payment People, Inc. at 5225 Pentecost Dr, Bldg 18, Modesto, California and there is no
5 activity or employees of Sure Connection LD, Inc. in Memphis, Tennessee. (See Exhibit 42,
6 page 557). This appears to be a deliberate attempt to divert consumers from discovering that
7 Sure Connection LD, Inc. is purely a California/Nevada operation.

8 A search of the internet for information regarding “Sure Connection” on May 5, 2009
9 indicated the only reference to “Sure Connection” was the internet website
10 www.sureconnectionld.com (See Exhibit 44, attached hereto and made a part hereof). The
11 address on the internet site of 5100 Poplar Avenue, Suite 2700, Memphis, TN 36137 confirms
12 that this is Sure Connection LD, Inc.’s website. (See Exhibit 44, page 600). According to the
13 Domain Tools website registry check, www.sureconnectionld.com is registered with Domains
14 by Proxy, Inc. (See Exhibit 45, attached hereto and made a part hereof). The BCP sent a
15 subpoena to Domains by Proxy. Domains by Proxy, Inc. responded to that subpoena on May
16 21, 2009 (See Exhibit 12, attached hereto and made a part hereof). The return on the
17 subpoena indicated that www.sureconnectionld.com is registered to Don McNely (See Exhibit
18 12, page 105). Donovan (Don) McNely is listed as the Secretary for The Payment People, Inc.
19 at the Nevada Secretary of State website. (See Exhibit 13, attached hereto and made a part
20 hereof). Jeff McKay is listed as the President and Director for The Payment People, Inc. at the
21 Nevada Secretary of State website (See Exhibit 13, page 113). Brenda McKay is listed as the
22 Treasurer for The Payment People, Inc. at the Nevada Secretary of State website (See Exhibit
23 13, page 113).

24 On July 28, 2009, Sure Connection LD, Inc. filed supplemental responses to the original
25 BCP data request. (See Exhibit 46, attached hereto and made a part hereof). In that response
26 Sure Connection LD, Inc. indicates that it has no independent contract with any reseller of
27 telephone services and that only The Payment People, Inc. have a switching agreement which
28 is with Virtual PBX (See Exhibit 46, page 604). Because Sure Connection LD, Inc. did not

1 provide any payment agreement showing how payments were made by Sure Connection LD,
2 Inc. to The Payment People, Inc., nor from The Payment People, Inc. to Sure Connection LD,
3 Inc., BCP asked for clarification which was supposed to be attached to the contract for
4 services as "Schedule B" (Exhibit 42, page 559) but was missing. On July 28, 2009, Sure
5 Connection LD, Inc. provided "Schedule B" but redacted all of the payment information (Exhibit
6 46, page 607).

7 In response to a subpoena issued to The Payment People, Inc. on July 31, 2009, The
8 Payment People, Inc. submitted records to the BCP indicating that between September 2008
9 to May 2009, The Payment People, Inc. sent out 1880, bills for Sure Connection LD, Inc. at
10 \$19.95 per month to Nevada consumers. (See Exhibit 15, attached hereto and made a part
11 hereof, pages 240 to 253). These billings were sent to Billing Concepts to bill Nevada
12 consumers. Neither The Payment People, Inc. nor Sure Connection LD, Inc., have, or have
13 ever had, a certificate of public convenience from the PUCN.

14 The BCP investigation and the responses to the data requests provided by Sure
15 Connection LD, Inc. as part of the PUCN application process indicates that, in fact, The
16 Payment People, Inc. is the alter ego of Sure Connection LD, Inc. The corporation was created
17 and paid for by Jeff McKay of The Payment People, Inc. (Exhibit 47, attached hereto and
18 made a part hereof) and although requests have been made, no sale of Sure Connection LD,
19 Inc. has been provided by The Payment People, Inc. The website for Sure Connection LD, Inc.
20 is owned by Don Mc Nely of The Payment People, Inc. not Sure Connection LD, Inc. (See
21 Exhibit 12, page 105). The "virtual office" for Sure Connection LD, Inc., 5100 Poplar Avenue,
22 Suite 2700, Memphis, TN 36137, is rented by Jeff McKay of The Payment People, Inc. not
23 Sure Connection LD, Inc. (Exhibit 42, page 579 and Exhibit 43, pages 584 and 585). In fact,
24 the only activity by Shawna Nunes, the owner of Sure Connection LD, Inc., is only to provide
25 "Payment People with availability of signatures." (See Exhibit 42, page 571). Sure Connection
26 LD, Inc. cannot operate except through The Payment People, Inc.

27 The BCP has probable cause to investigate The Payment People, Inc. doing business
28 as Sure Connection LD, Inc. in violation of NRS 598.0923(1), NRS 598.0923(3), NRS

1 598.0915(4), NRS 598.969(3), NRS 598.969(8), NRS 598.969(5), NRS 598.0915(15), and
2 NRS 598.0923(2).

3 **f) Flat Rate Long Distance, Inc.**

4 Flat Rate Long Distance, Inc. is a Nevada corporation (See Exhibit 48, attached hereto
5 and made a part hereof). On April 28, 2009, Flat Rate Long Distance, Inc., filed an application
6 of public convenience with the Public Utilities Commission of Nevada (PUCN) (See Exhibit 49
7 attached hereto and made a part hereof). The application originated from the address 5225
8 Pentecost Dr, Bldg 18, Modesto, California, which is the address of The Payment People, Inc.
9 (See Exhibit 49 attached hereto and made a part hereof). Also of interest was the indication
10 that Flat Rate Long Distance, Inc. is supposedly located at 450 E. 96th Street, Suite 500,
11 Indianapolis, IN 46240, however, its president, Jennifer Wells, lives in San Diego, California.
12 (See Exhibit 49, pages 616 and 617). Jennifer Wells' resume indicates that she has no prior
13 experience in the telecommunications industry (See Exhibit 49, page 630). Also of interest is
14 the Profit and Loss statement provided with the PUCN indicated that Flat Rate Long Distance,
15 Inc. had income of \$133,290.21 in 2008, but had \$ 133,334.47 in expenses. This resulted in an
16 annual loss of \$44.26 (See Exhibit 49, pages 620 and 621). Because of the investigation of
17 The Payment People, Inc. related to Flat Rate Long Distance, Inc. (above) the BCP filed to
18 intervene in the application hearing before the PUCN.

19 As part of the administrative process before the PUCN, both the PUCN staff and the
20 BCP filed data requests to Flat Rate Long Distance, Inc. who responded in part (See Exhibit
21 50 attached hereto and made a part hereof). The responses to the data request included a
22 copy of the "Management Agreement" between Flat Rate Long Distance, Inc. and The
23 Payment People, Inc. That "Management Agreement" states that The Payment People, Inc.
24 will have "the exclusive rights for management and as the marketing agent" for Flat Rate Long
25 Distance, Inc. and to provide customer service, billing and collection services (See Exhibit 50,
26 page 652). In addition, Flat Rate Long Distance, Inc. was to provide a "power of attorney" to
27 The Payment People, Inc. (See Exhibit 50, page 657). The "Power of Attorney" states:

28 "I...appoint THE PAYMENT PEOPLE...as the company's attorney-in-fact

1 and to act in company's place...to conduct business... [with] ...full
2 authority to act in any manner ... and ratify every act that he may lawfully
perform in exercising those powers.”

3 (See Exhibit 50, page 657). This creates in fact an unlimited power of attorney for The
4 Payment People, Inc. to operate as the alter ego of Flat Rate Long Distance, Inc. According to
5 the “Management Agreement” Jennifer Wells, the owner of Flat Rate Long Distance, Inc., only
6 “provides Payment People with availability of signatures,” and some vague “consulting”
7 services. (See Exhibit 50, page 652). The response to the data requests also indicated that
8 Jennifer Wells is 100% owner of Flat Rate Long Distance, Inc. (See Exhibit 50, page 637). The
9 responses to the data request also indicated that:

10 Flat Rate Long Distance, Inc. operates only as a virtual office with mail
11 forwarding services. Thus, there will be no employees stationed at the
12 Indianapolis, Indiana address.

13 (See Exhibit 50, page 638). Lastly, the response admits that no written notice is sent to new
14 “customers” by mail, notifying them with a clear and detailed description relating directly to the
15 services for which the customer is being billed; all terms and conditions relating directly to the
16 services provided; and the name, address and telephone number of the provider. (See Exhibit
17 50, page 642).

18 The independent investigation of The Payment People, Inc. and Flat Rate Long
19 Distance, Inc. revealed that the address for Flat Rate Long Distance, Inc.; 450 E. 96th Street,
20 Suite 500, Indianapolis, IN 46240 is in reality nothing more than a “virtual office” which had
21 been leased by The Payment People, Inc. through Jeff McKay (See Exhibit 50, page 660 and
22 661, and Exhibit 51, attached hereto and made a part hereof). In truth, Flat Rate Long
23 Distance, Inc. is operated by The Payment People, Inc. at 5225 Pentecost Dr, Bldg 18,
24 Modesto, California and there is no activity or employees of Flat Rate Long Distance, Inc. in
25 Indianapolis, Indiana. (See Exhibit 50, page 638). This appears to be a deliberate attempt to
26 divert consumers from discovering that Flat Rate Long Distance, Inc. is purely a
27 California/Nevada operation.

28 A search of the internet for information regarding “Flat Rate” on May 5, 2009 indicated

1 the only reference to "Flat Rate" was the internet website www.flatrateld.net (See Exhibit 52,
2 attached hereto and made a part hereof). The address on the internet site of 450 E. 96th
3 Street, Suite 500, Indianapolis, IN 46240 confirms that this is Flat Rate Long Distance, Inc.'s
4 website. (See Exhibit 52, page 684). According to the Domain Tools website registry check,
5 www.flatrateld.net is registered with Domains by Proxy, Inc. (See Exhibit 53, attached hereto
6 and made a part hereof). The BCP sent a subpoena to Domains by Proxy. Domains by Proxy,
7 Inc. responded to that subpoena on May 21, 2009 (See Exhibit 12, attached hereto and made
8 a part hereof). The return on the subpoena indicated that www.flatrateld.net is registered to
9 Don McNely (See Exhibit 12, page 97). Donovan (Don) McNely is listed as the Secretary for
10 The Payment People, Inc. at the Nevada Secretary of State website. (See Exhibit 13, attached
11 hereto and made a part hereof). Jeff McKay is listed as the President and Director for The
12 Payment People, Inc. at the Nevada Secretary of State website (See Exhibit 13, page 113).
13 Brenda McKay is listed as the Treasurer for The Payment People, Inc. at the Nevada
14 Secretary of State website (See Exhibit 13, page 113).

15 On July 28, 2009, Flat Rate Long Distance, Inc. filed supplemental responses to the
16 original BCP data request. (See Exhibit 54, attached hereto and made a part hereof). In that
17 response Flat Rate Long Distance, Inc. indicates that it has no independent contract with any
18 reseller of telephone services and that only The Payment People, Inc. have a switching
19 agreement which is with Virtual PBX (See Exhibit 54, page 688). Because Flat Rate Long
20 Distance, Inc. did not provide any payment agreement showing how payments were made by
21 Flat Rate Long Distance, Inc. to The Payment People, Inc., nor from The Payment People, Inc.
22 to Flat Rate Long Distance, Inc. BCP asked for clarification which was supposed to be
23 attached to the contract for services as "Schedule B" (Exhibit 50, page 640) but was missing.
24 On July 28, 2009, Flat Rate Long Distance, Inc. provided "Schedule B" but redacted all of the
25 payment information (Exhibit 54, page 691).

26 In response to a subpoena issued to The Payment People, Inc. on July 31, 2009, The
27 Payment People, Inc. submitted records to the BCP indicating that between September 2008
28 to June 2009, The Payment People, Inc. sent out 1284, bills for Flat Rate Long Distance, Inc.

1 at \$19.95 per month to Nevada consumers. (See Exhibit 15, attached hereto and made a part
2 hereof, pages 179 to 192). These billings were sent to Billing Concepts to bill Nevada
3 consumers. Neither The Payment People, Inc. nor Flat Rate Long Distance, Inc., have, or
4 have ever had, a certificate of public convenience from the PUCN.

5 The BCP investigation and the responses to the data requests provided by Flat Rate
6 Long Distance, Inc. as part of the PUCN application process, indicates that in fact The
7 Payment People, Inc. is the alter ego of Flat Rate Long Distance, Inc. The corporation was
8 created and paid for by Jeff McKay of The Payment People, Inc. (Exhibit 55, attached hereto
9 and made a part hereof) and although requests have been made, no sale of Flat Rate Long
10 Distance, Inc. has been provided by The Payment People, Inc. The website for Flat Rate Long
11 Distance, Inc. is owned by Don Mc Nely of The Payment People, Inc. not Flat Rate Long
12 Distance, Inc. (See Exhibit 12, page 97). The “virtual office” for Flat Rate Long Distance, Inc.,
13 450 E. 96th Street, Suite 500, Indianapolis, IN 46240, is rented by Jeff McKay of The Payment
14 People, Inc. not Flat Rate Long Distance, Inc. (Exhibit 50, page 660 and 661 and Exhibit 51,
15 pages 665 and 666). In fact, the only activity by Jennifer Wells, the owner of Flat Rate Long
16 Distance, Inc., is only to provide “Payment People with availability of signatures.” (See Exhibit
17 50, page 652). Flat Rate Long Distance, Inc. cannot operate except through The Payment
18 People, Inc.

19 The BCP has probable cause to investigate The Payment People, Inc. doing business
20 as Flat Rate Long Distance, Inc. in violation of NRS 598.0923(1), NRS 598.0923(3), NRS
21 598.0915(4), NRS 598.969(3), NRS 598.969(8), NRS 598.969(5), NRS 598.0915(15), and
22 NRS 598.0923(2).

23 **g) Long Distance Mart, Inc.**

24 Long Distance Mart, Inc. is a Nevada corporation (See Exhibit 56, attached hereto and
25 made a part hereof). On May 4, 2009, Long Distance Mart, Inc., filed an application of public
26 convenience with the Public Utilities Commission of Nevada (PUCN) (See Exhibit 57 attached
27 hereto and made a part hereof). The application originated from the address 5225 Pentecost
28 Dr, Bldg 18, Modesto, California, which is the address of The Payment People, Inc. (See

1 Exhibit 57, page 697). Also of interest was the indication that Long Distance Mart, Inc. is
2 supposedly located at 201 St. Charles Avenue, Ste 2500, New Orleans, LA 70170, however,
3 its president, Francis Templin, lives in Santa Rosa, California. (See Exhibit 57, page 700 and
4 701). Francis Templin's resume indicates that she has no prior experience in the
5 telecommunications industry (See Exhibit 57, page 716). Also of interest is the Profit and Loss
6 statement provided with the PUCN indicated that Long Distance Mart, Inc. had income of \$500
7 in 2008, but had \$466.25 in expenses. This resulted in an annual "profit" of \$33.75 (See
8 Exhibit 57, pages 705 and 706). Because of the investigation of The Payment People, Inc.
9 related to Long Distance Mart, Inc. (above) the BCP filed to intervene in the application
10 hearing before the PUCN.

11 As part of the administrative process before the PUCN, both the PUCN staff and the
12 BCP filed data requests to Long Distance Mart, Inc. who responded in part (See Exhibit 58
13 attached hereto and made a part hereof). The responses to the data request included a copy
14 of the "Management Agreement" between Long Distance Mart, Inc. and The Payment People,
15 Inc. That "Management Agreement" states that The Payment People, Inc. will have "the
16 exclusive rights for management and as the marketing agent" for Long Distance Mart, Inc. and
17 to provide customer service, billing and collection services (See Exhibit 58, page 737). In
18 addition, Long Distance Mart, Inc. was to provide a "power of attorney" to The Payment
19 People, Inc. (See Exhibit 58, page 742). The "Power of Attorney" states:

20 "I...appoint THE PAYMENT PEOPLE...as the company's attorney-in-fact
21 and to act in company's place...to conduct business... [with] ...full
22 authority to act in any manner ... and ratify every act that he may lawfully
perform in exercising those powers."

23 (See Exhibit 58, page 742). This creates in fact an unlimited power of attorney for The
24 Payment People, Inc. to operate as the alter ego of Long Distance Mart, Inc. According to the
25 "Management Agreement" Francis Templin, the owner of Long Distance Mart, Inc., only
26 "provides Payment People with availability of signatures," and some vague "consulting"
27 services. (See Exhibit 58, page 737). The response to the data requests also indicated that
28 Francis Templin is 100% owner of Long Distance Mart, Inc. (See Exhibit 58, page 722). The

1 responses to the data request also indicated that:

2 Long Distance Mart, Inc. operates only as a virtual office with mail forwarding
3 services. Thus, there will be no employees stationed at the New Orleans,
4 Louisiana address.

5 (See Exhibit 58, page 723). Lastly, the response admits that no written notice is sent to new
6 “customers” by mail, notifying them with a clear and detailed description relating directly to the
7 services for which the customer is being billed; all terms and conditions relating directly to the
8 services provided; and the name, address and telephone number of the provider. (See Exhibit
9 58, pages 724 and 725).

10 The independent investigation of The Payment People, Inc. and Long Distance Mart,
11 Inc. revealed that the address for Long Distance Mart, Inc.; 201 St. Charles Avenue, Ste 2500,
12 New Orleans, LA 70170 is in reality nothing more than a “virtual office” which had been leased
13 by The Payment People, Inc. through Jeff McKay (See Exhibit 58, page 745, and Exhibit 59,
14 attached hereto and made a part hereof). In truth, Long Distance Mart, Inc. is operated by The
15 Payment People, Inc. at 5225 Pentecost Dr, Bldg 18, Modesto, California and there is no
16 activity or employees of Long Distance Mart, Inc. in New Orleans, Louisiana. (See Exhibit 58,
17 page 723). This appears to be a deliberate attempt to divert consumers from discovering that
18 Long Distance Mart, Inc. is purely a California/Nevada operation.

19 A search of the internet for information regarding “Long Distance Mart” indicated the
20 only reference to “Long Distance Mart” was the internet website www.longdistancemart.com
21 (See Exhibit 60, attached hereto and made a part hereof). The address on the internet site of
22 201 St. Charles Avenue, Ste 2500, New Orleans, LA 70170 confirms that this is Long Distance
23 Mart, Inc.’s website. (See Exhibit 60, page 766). According to the Domain Tools website
24 registry check, www.longdistancemart.com is registered with Domains by Proxy, Inc. (See
25 Exhibit 61, attached hereto and made a part hereof). The BCP sent a subpoena to Domains by
26 Proxy. Domains by Proxy, Inc. responded to that subpoena on May 21, 2009 (See Exhibit 12,
27 attached hereto and made a part hereof). The return on the subpoena indicated that
28 www.longdistancemart.com is registered to Don McNely (See Exhibit 12, page 99). Donovan
(Don) McNely is listed as the Secretary for The Payment People, Inc. at the Nevada Secretary

1 of State website. (See Exhibit 13, attached hereto and made a part hereof). Jeff McKay is
2 listed as the President and Director for The Payment People, Inc. at the Nevada Secretary of
3 State website (See Exhibit 13, page 113). Brenda McKay is listed as the Treasurer for The
4 Payment People, Inc. at the Nevada Secretary of State website (See Exhibit 13, page 113).

5 On July 28, 2009, Long Distance Mart, Inc. filed supplemental responses to the original
6 BCP data request. (See Exhibit 62, attached hereto and made a part hereof). In that response
7 Long Distance Mart, Inc. indicates that it has no independent contract with any reseller of
8 telephone services and that only The Payment People, Inc. have a switching agreement which
9 is with Virtual PBX (See Exhibit 62, page 770). Because Long Distance Mart, Inc. did not
10 provide any payment agreement showing how payments were made by Long Distance Mart,
11 Inc. to The Payment People, Inc., nor from The Payment People, Inc. to Long Distance Mart,
12 Inc., BCP asked for clarification which was supposed to be attached to the contract for
13 services as "Schedule B" (Exhibit 58, page 725) but was missing. On July 28, 2009, Long
14 Distance Mart, Inc. provided "Schedule B" but redacted all of the payment information (Exhibit
15 62, page 773).

16 In response to a subpoena issued to PaymentOne Corporation on July 9, 2009,
17 PaymentOne Corporation submitted records to the BCP indicating that between April 2009 to
18 July 2009, The Payment People, Inc. sent out 174, bills for Long Distance Mart, Inc. at \$19.95
19 per month to Nevada consumers. (See Exhibit 64, attached hereto and made a part hereof).
20 These billings were sent by The Payment People, Inc. to PaymentOne Corporation to bill
21 Nevada consumers. Neither The Payment People, Inc. nor Long Distance Mart, Inc., have, or
22 have ever had, a certificate of public convenience from the PUCN.

23 The BCP investigation and the responses to the data requests provided by Long
24 Distance Mart, Inc. as part of the PUCN application process indicates that, in fact, The
25 Payment People, Inc. is the alter ego of Long Distance Mart, Inc. The corporation was created
26 and paid for by Jeff McKay of The Payment People, Inc. (Exhibit 63, attached hereto and
27 made a part hereof) and although requests have been made, no sale of Long Distance Mart,
28 Inc. has been provided by The Payment People, Inc. The website for Long Distance Mart, Inc.

1 is owned by Don Mc Nely of The Payment People, Inc. not Long Distance Mart, Inc. (See
2 Exhibit 12, page 99). The “virtual office” for Long Distance Mart, Inc., 201 St. Charles Avenue,
3 Ste 2500, New Orleans, LA 70170, is rented by Jeff McKay of The Payment People, Inc. not
4 Long Distance Mart, Inc. (Exhibit 58, page 745 and Exhibit 59, pages 749 and 750). In fact, the
5 only activity by Francis Templin, the owner of Long Distance Mart, Inc., is only to provide
6 “Payment People with availability of signatures.” (See Exhibit 58, page 737). Long Distance
7 Mart, Inc. cannot operate except through The Payment People, Inc.

8 The BCP has probable cause to investigate The Payment People, Inc. doing business
9 as Long Distance Mart, Inc. in violation of NRS 598.0923(1), NRS 598.0923(3), NRS
10 598.0915(4), NRS 598.969(3), NRS 598.969(8), NRS 598.969(5), NRS 598.0915(15), and
11 NRS 598.0923(2).

12 **h) Call Direct, Inc.**

13 Call Direct, Inc. is a Nevada corporation (See Exhibit 65, attached hereto and made a
14 part hereof). On May 4, 2009, Call Direct, Inc., filed an application of public convenience with
15 the Public Utilities Commission of Nevada (PUCN) (See Exhibit 66 attached hereto and made
16 a part hereof). The application originated from the address 5225 Pentecost Dr, Bldg 18,
17 Modesto, California, which is the address of The Payment People, Inc. (See Exhibit 66, page
18 787). Also of interest was the indication that Call Direct, Inc. is supposedly located at 201 Penn
19 Center Blvd., Suite 400, Pittsburgh, PA 15235, however, its president, Wendy Stuart, lives in
20 Oakland, California. (See Exhibit 66, page 790 and 791). Wendy Stuart’s resume indicates that
21 she has no prior experience in the telecommunications industry (See Exhibit 66, pages 805
22 and 806). Also of interest is the Profit and Loss statement provided with the PUCN indicated
23 that Call Direct, Inc. had income of \$500 in 2008, but had \$466.25 in expenses. This resulted
24 in an annual “profit” of \$33.75 (See Exhibit 66, pages 794 and 795). Because of the
25 investigation of The Payment People, Inc. related to Call Direct, Inc. (above) the BCP filed to
26 intervene in the application hearing before the PUCN.

27 As part of the administrative process before the PUCN, both the PUCN staff and the
28 BCP filed data requests to Call Direct, Inc. who responded in part (See Exhibit 67 attached

1 hereto and made a part hereof). The responses to the data request included a copy of the
2 “Management Agreement” between Call Direct, Inc. and The Payment People, Inc. That
3 “Management Agreement” states that The Payment People, Inc. will have “the exclusive rights
4 for management and as the marketing agent” for Call Direct, Inc. and to provide customer
5 service, billing and collection services (See Exhibit 67, page 828). In addition, Call Direct, Inc.
6 was to provide a “power of attorney” to The Payment People, Inc. (See Exhibit 67, page 833).

7 The “Power of Attorney” states:

8 “I...appoint THE PAYMENT PEOPLE...as the company’s attorney-in-fact
9 and to act in company’s place...to conduct business... [with] ...full
10 authority to act in any manner ... and ratify every act that he may lawfully
perform in exercising those powers.”

11 (See Exhibit 67, page 833). This creates in fact an unlimited power of attorney for THE
12 PAYMENT PEOPLE, INC. to operate as the alter ego of Call Direct, Inc. According to the
13 “Management Agreement” Wendy Stuart, the owner of Call Direct, Inc., only “provides
14 Payment People with availability of signatures,” and some vague “consulting” services. (See
15 Exhibit 67, page 828). The response to the data requests also indicated that Wendy Stuart is
16 100% owner of Call Direct, Inc. (See Exhibit 67, page 813). The responses to the data request
17 also indicated that:

18 Call Direct, Inc. operates only as a virtual office with mail forwarding services.
19 Thus, there will be no employees stationed at the Pittsburgh, Pennsylvania
address.

20 (See Exhibit 67, page 814). Lastly, the response admits that no written notice is sent to new
21 “customers” by mail, notifying them with a clear and detailed description relating directly to the
22 services for which the customer is being billed; all terms and conditions relating directly to the
23 services provided; and the name, address and telephone number of the provider. (See Exhibit
24 67, pages 817 and 818).

25 The independent investigation of The Payment People, Inc. and Call Direct, Inc.
26 revealed that the address for Call Direct, Inc.; 201 Penn Center Blvd., Suite 400, Pittsburgh,
27 PA 15235 is in reality nothing more than a “virtual office” which had been leased by The
28 Payment People, Inc. through Jeff McKay (See Exhibit 67, page 836, and Exhibit 68, attached

1 hereto and made a part hereof). In truth, Call Direct, Inc. is operated by The Payment People,
2 Inc. at 5225 Pentecost Dr, Bldg 18, Modesto, California and there is no activity or employees
3 of Call Direct, Inc. in Pittsburgh, Pennsylvania. (See Exhibit 67, page 814). This appears to be
4 a deliberate attempt to divert consumers from discovering that Call Direct, Inc. is purely a
5 California/Nevada operation.

6 A search of the internet for information regarding "Call Direct" indicated the only
7 reference to "Call Direct" was the internet website www.mycalldirect.com (See Exhibit 69,
8 attached hereto and made a part hereof). The address on the internet site of 201 Penn Center
9 Blvd., Suite 400, Pittsburgh, PA 15235 confirms that this is Call Direct, Inc.'s website. (See
10 Exhibit 69, page 856). According to the Domain Tools website registry check,
11 www.mycalldirect.com is registered with Domains by Proxy, Inc. (See Exhibit 70, attached
12 hereto and made a part hereof). The BCP sent a subpoena to Domains by Proxy. Domains by
13 Proxy, Inc. responded to that subpoena on May 21, 2009 (See Exhibit 12, attached hereto and
14 made a part hereof). The return on the subpoena indicated that www.mycalldirect.com is
15 registered to Don McNely (See Exhibit 12, page 101). Donovan (Don) McNely is listed as the
16 Secretary for The Payment People, Inc. at the Nevada Secretary of State website. (See Exhibit
17 13, attached hereto and made a part hereof). Jeff McKay is listed as the President and
18 Director for The Payment People, Inc. at the Nevada Secretary of State website (See Exhibit
19 13, page 113). Brenda McKay is listed as the Treasurer for The Payment People, Inc. at the
20 Nevada Secretary of State website (See Exhibit 13, page 113).

21 On July 28, 2009, Call Direct, Inc. filed supplemental responses to the original BCP
22 data request. (See Exhibit 71, attached hereto and made a part hereof). In that response Call
23 Direct, Inc. indicates that it has no independent contract with any reseller of telephone services
24 and that only The Payment People, Inc. have a switching agreement which is with Virtual PBX
25 (See Exhibit 71, page 860). Because Call Direct, Inc. did not provide any payment agreement
26 showing how payments were made by Call Direct, Inc. to The Payment People, Inc., nor from
27 The Payment People, Inc. to Call Direct, Inc., BCP asked for clarification which was supposed
28 to be attached to the contract for services as "Schedule B" (Exhibit 67, page 816) but was

1 missing. On July 28, 2009, Call Direct, Inc. provided "Schedule B" but redacted all of the
2 payment information (Exhibit 71, page 863).

3 In response to a subpoena issued to PaymentOne Corporation on July 9, 2009,
4 PaymentOne Corporation submitted records to the BCP indicating that between April 2009 to
5 July 2009, The Payment People, Inc. sent out 344, bills for Call Direct, Inc. at \$19.95 per
6 month to Nevada consumers. (See Exhibit 73, attached hereto and made a part hereof).
7 These billings were sent by The Payment People, Inc. to PaymentOne Corporation to bill
8 Nevada consumers. Neither The Payment People, Inc. nor Call Direct, Inc., have, or have ever
9 had, a certificate of public convenience from the PUCN.

10 The BCP investigation and the responses to the data requests provided by Call Direct,
11 Inc. as part of the PUCN application process, indicates that in fact The Payment People, Inc. is
12 the alter ego of Call Direct, Inc. The corporation was created and paid for by Jeff McKay of The
13 Payment People, Inc. (Exhibit 72, attached hereto and made a part hereof) and although
14 requests have been made, no sale of Call Direct, Inc. has been provided by The Payment
15 People, Inc. The website for Call Direct, Inc. is owned by Don Mc Nely of The Payment
16 People, Inc. not Call Direct, Inc. (See Exhibit 12, page 101). The "virtual office" for Call Direct,
17 Inc., 201 Penn Center Blvd., Suite 400, Pittsburgh, PA 15235, is rented by Jeff McKay of The
18 Payment People, Inc. not Call Direct, Inc. (Exhibit 67, page 836 and Exhibit 68, pages 840 and
19 841). In fact, the only activity by Wendy Stuart, the owner of Call Direct, Inc., is only to provide
20 "Payment People with availability of signatures." (See Exhibit 67, page 828). Call Direct, Inc.
21 cannot operate except through The Payment People, Inc.

22 The BCP has probable cause to investigate The Payment People, Inc. doing business
23 as Call Direct, Inc. in violation of NRS 598.0923(1), NRS 598.0923(3), NRS 598.0915(4), NRS
24 598.969(3), NRS 598.969(8), NRS 598.969(5), NRS 598.0915(15), and NRS 598.0923(2).

25 **i) Xoom Telecommunications, Inc.**

26 Xoom Telecommunications, Inc. is a Nevada corporation (See Exhibit 74, attached
27 hereto and made a part hereof). On May 5, 2009, Xoom Telecommunications, Inc., filed an
28 application of public convenience with the Public Utilities Commission of Nevada (PUCN) (See

1 Exhibit 75 attached hereto and made a part hereof). The application originated from the
2 address 5225 Pentecost Dr, Bldg 18, Modesto, California, which is the address of The
3 Payment People, Inc. (See Exhibit 75, page 881). Also of interest was the indication that
4 Xoom Telecommunications, Inc. is supposedly located at 200 South Executive Drive, Suite
5 101, Brookfield, WI 53005, however, its president, Diana Souza, lives in Soulsbyville,
6 California. (See Exhibit 75, pages 884 and 885). Diana Souza's resume indicates that she has
7 no prior experience in the telecommunications industry (See Exhibit 75, page 898). Also of
8 interest is the Profit and Loss statement provided with the PUCN indicated that Xoom
9 Telecommunications, Inc. had income of \$500 in 2008, but had \$526.76 in expenses. This
10 resulted in an annual loss of \$26.76 (See Exhibit 75, pages 888 and 889). Because of the
11 investigation of The Payment People, Inc. related to Xoom Telecommunications, Inc. (above)
12 the BCP filed to intervene in the application hearing before the PUCN.

13 As part of the administrative process before the PUCN, both the PUCN staff and the
14 BCP filed data requests to Xoom Telecommunications, Inc. who responded in part (See
15 Exhibit 76 attached hereto and made a part hereof). The responses to the data request
16 included a copy of the "Management Agreement" between Xoom Telecommunications, Inc.
17 and The Payment People, Inc. That "Management Agreement" states that The Payment
18 People, Inc. will have "the exclusive rights for management and as the marketing agent" for
19 Xoom Telecommunications, Inc. and to provide customer service, billing and collection
20 services (See Exhibit 76, page 921). In addition, Xoom Telecommunications, Inc. was to
21 provide a "power of attorney" to The Payment People, Inc. (See Exhibit 76, page 926). The
22 "Power of Attorney" states:

23 "I...appoint THE PAYMENT PEOPLE...as the company's attorney-in-fact
24 and to act in company's place...to conduct business... [with] ...full
25 authority to act in any manner ... and ratify every act that he may lawfully
perform in exercising those powers."

26 (See Exhibit 76, page 926). This creates in fact an unlimited power of attorney for The
27 Payment People, Inc. to operate as the alter ego of Xoom Telecommunications, Inc.

28 According to the "Management Agreement" Diana Souza, the owner of Xoom

1 Telecommunications, Inc., only “provides Payment People with availability of signatures,” and
2 some vague “consulting” services. (See Exhibit 76, page 920). The response to the data
3 requests also indicated that Diana Souza is 100% owner of Xoom Telecommunications, Inc.
4 (See Exhibit 76, page 906). The responses to the data request also indicated that:

5 Xoom Telecommunications, Inc. operates only as a virtual office with mail
6 forwarding services. Thus, there will be no employees stationed at the Brookfield,
7 Wisconsin address.

8 . . .
9 (See Exhibit 76, page 907). Lastly, the response admits that no written notice is sent to new
10 “customers” by mail, notifying them with a clear and detailed description relating directly to the
11 services for which the customer is being billed; all terms and conditions relating directly to the
12 services provided; and the name, address and telephone number of the provider. (See Exhibit
13 76, pages 910 and 911).

14 The independent investigation of The Payment People, Inc. and Xoom
15 Telecommunications, Inc. revealed that the address for Xoom Telecommunications, Inc.; 200
16 South Executive Drive, Suite 101, Brookfield, WI 53005 is in reality nothing more than a “virtual
17 office” which had been leased by The Payment People, Inc. through Jeff McKay (See Exhibit
18 76, page 929, and Exhibit 77, attached hereto and made a part hereof). In truth, Xoom
19 Telecommunications, Inc. is operated by The Payment People, Inc. at 5225 Pentecost Dr, Bldg
20 18, Modesto, California and there is no activity or employees of Xoom Telecommunications,
21 Inc. in Brookfield, Wisconsin. (See Exhibit 76, page 907). This appears to be a deliberate
22 attempt to divert consumers from discovering that Xoom Telecommunications, Inc. is purely a
23 California/Nevada operation.

24 A search of the internet for information regarding “Xoom Telecommunciations” indicated
25 the only reference to “Xoom Telecommunciations” was the internet website
26 www.xoomtelecom.com (See Exhibit 78, attached hereto and made a part hereof). The
27 address on the internet site of 200 South Executive Drive, Suite 101, Brookfield, WI 53005
28 confirms that this is Xoom Telecommunications, Inc.’s website. (See Exhibit 78, page 949).
According to the Domain Tools website registry check, www.xoomtelecom.com is registered

1 with Domains by Proxy, Inc. (See Exhibit 79, attached hereto and made a part hereof). The
2 BCP sent a subpoena to Domains by Proxy. Domains by Proxy, Inc. responded to that
3 subpoena on May 21, 2009 (See Exhibit 12, attached hereto and made a part hereof). The
4 return on the subpoena indicated that www.xoomtelecom.com is registered to Don McNely
5 (See Exhibit 12, page 107). Donovan (Don) McNely is listed as the Secretary for The Payment
6 People, Inc. at the Nevada Secretary of State website. (See Exhibit 13, attached hereto and
7 made a part hereof). Jeff McKay is listed as the President and Director for The Payment
8 People, Inc. at the Nevada Secretary of State website (See Exhibit 13, page 113). Brenda
9 McKay is listed as the Treasurer for The Payment People, Inc. at the Nevada Secretary of
10 State website (See Exhibit 13, page 113).

11 On July 28, 2009, Xoom Telecommunications, Inc. filed supplemental responses to the
12 original BCP data request. (See Exhibit 80, attached hereto and made a part hereof). In that
13 response Xoom Telecommunications, Inc. indicates that it has no independent contract with
14 any reseller of telephone services and that only The Payment People, Inc. have a switching
15 agreement which is with Virtual PBX (See Exhibit 80, page 953). Because Xoom
16 Telecommunications, Inc. did not provide any payment agreement showing how payments
17 were made by Xoom Telecommunications, Inc. to The Payment People, Inc., nor from The
18 Payment People, Inc. to Xoom Telecommunications, Inc., BCP asked for clarification which
19 was supposed to be attached to the contract for services as "Schedule B" (Exhibit 76, page
20 909) but was missing. On July 28, 2009, Xoom Telecommunications, Inc. provided "Schedule
21 B" but redacted all of the payment information (Exhibit 80, page 956).

22 In response to a subpoena issued to PaymentOne Corporation on July 9, 2009,
23 PaymentOne Corporation submitted records to the BCP indicating that between April 2009 to
24 July 2009, The Payment People, Inc. sent out 283, bills for Xoom Telecommunications, Inc. at
25 \$19.95 per month to Nevada consumers. (See Exhibit 82, attached hereto and made a part
26 hereof). These billings were sent by The Payment People, Inc. to PaymentOne Corporation to
27 bill Nevada consumers. Neither The Payment People, Inc. nor Xoom Telecommunications,
28 Inc., have, or have ever had, a certificate of public convenience from the PUCN.

1 The BCP investigation and the responses to the data requests provided by Xoom
2 Telecommunications, Inc. as part of the PUCN application process, indicates that, in fact, The
3 Payment People, Inc. is the alter ego of Xoom Telecommunications, Inc. The corporation was
4 created and paid for by Jeff McKay of The Payment People, Inc. (Exhibit 81, attached hereto
5 and made a part hereof) and although requests have been made, no sale of Xoom
6 Telecommunications, Inc. has been provided by The Payment People, Inc. The website for
7 Xoom Telecommunications, Inc. is owned by Don Mc Nely of The Payment People, Inc. not
8 Xoom Telecommunications, Inc. (See Exhibit 12, page 107). The “virtual office” for Xoom
9 Telecommunications, Inc., 200 South Executive Drive, Suite 101, Brookfield, WI 53005, is
10 rented by Jeff McKay of The Payment People, Inc. not Xoom Telecommunications, Inc.
11 (Exhibit 76, page 929 and Exhibit 77, pages 933 and 934). In fact, the only activity by Diana
12 Souza, the owner of Xoom Telecommunications, Inc., is only to provide “Payment People with
13 availability of signatures.” (See Exhibit 76, page 921). Xoom Telecommunications, Inc. cannot
14 operate except through The Payment People, Inc.

15 The BCP has probable cause to investigate The Payment People, Inc. doing business
16 as Xoom Telecommunications, Inc. in violation of NRS 598.0923(1), NRS 598.0923(3), NRS
17 598.0915(4), NRS 598.969(3), NRS 598.969(8), NRS 598.969(5), NRS 598.0915(15), and
18 NRS 598.0923(2).

19 **j) Smart Dial, Inc.**

20 Smart Dial, Inc. is a Nevada corporation (See Exhibit 83, attached hereto and made a
21 part hereof). On May 6, 2009, Smart Dial, Inc., filed an application of public convenience with
22 the Public Utilities Commission of Nevada (PUCN) (See Exhibit 84 attached hereto and made
23 a part hereof). The application originated from the address 5225 Pentecost Dr, Bldg 18,
24 Modesto, California, which is the address of The Payment People, Inc. (See Exhibit 84, page
25 972). Also of interest was the indication that Smart Dial, Inc. is supposedly located at 102 S.
26 Tejon Street, 11th Floor, Colorado Springs, CO 80903, however, its president, Harold Vander
27 Veen, lives in Modesto, California. (See Exhibit 84, pages 975 and 976). Harold Vander
28 Veen’s resume indicates that he has no prior experience in the telecommunications industry

1 (See Exhibit 84, page 990). Also of interest is the Profit and Loss statement provided with the
2 PUCN indicated that Smart Dial, Inc. had income of \$500 in 2008, but had \$511.55 in
3 expenses. This resulted in an annual loss of \$11.55 (See Exhibit 84, pages 979 and 980).
4 Because of the investigation of The Payment People, Inc. related to Smart Dial, Inc. (above)
5 the BCP filed to intervene in the application hearing before the PUCN.

6 As part of the administrative process before the PUCN, both the PUCN staff and the
7 BCP filed data requests to Smart Dial, Inc. who responded in part (See Exhibit 85 attached
8 hereto and made a part hereof). The responses to the data request included a copy of the
9 “Management Agreement” between Smart Dial, Inc. and The Payment People, Inc. That
10 “Management Agreement” states that The Payment People, Inc. will have “the exclusive rights
11 for management and as the marketing agent” for Smart Dial, Inc. and to provide customer
12 service, billing and collection services (See Exhibit 85, page 1012). In addition, Smart Dial, Inc.
13 was to provide a “power of attorney” to The Payment People, Inc. (See Exhibit 85, page 1017).
14 The “Power of Attorney” states:

15 “I...appoint THE PAYMENT PEOPLE...as the company’s attorney-in-fact
16 and to act in company’s place...to conduct business... [with] ...full
17 authority to act in any manner ... and ratify every act that he may lawfully
perform in exercising those powers.”

18 (See Exhibit 85, page 1017). This creates in fact an unlimited power of attorney for The
19 Payment People, Inc. to operate as the alter ego of Smart Dial, Inc. According to the
20 “Management Agreement” Harold Vander Veen, the owner of Smart Dial, Inc., only “provides
21 Payment People with availability of signatures,” and some vague “consulting” services. (See
22 Exhibit 85, page 1012). The response to the data requests also indicated that Harold Vander
23 Veen is 100% owner of Smart Dial, Inc. (See Exhibit 85, page 997). The responses to the data
24 request also indicated that:

25 Smart Dial, Inc. operates only as a virtual office with mail forwarding services.
26 Thus, there will be no employees stationed at the Colorado Springs, Colorado
address.

27 (See Exhibit 85, page 998). Lastly, the response admits that no written notice is sent to new
28 “customers” by mail, notifying them with a clear and detailed description relating directly to the

1 services for which the customer is being billed; all terms and conditions relating directly to the
2 services provided; and the name, address and telephone number of the provider. (See Exhibit
3 85, page 1002).

4 In the response to the data request to the PUCN, Smart Dial, Inc. indicates that it has
5 no independent contract with any reseller of telephone services and that only The Payment
6 People, Inc. have a switching agreement which is with Virtual PBX (See Exhibit 85, pages 999
7 and 1000). Because Smart Dial, Inc. did not provide any payment agreement showing how
8 payments were made by Smart Dial, Inc. to The Payment People, Inc., nor from The Payment
9 People, Inc. to Smart Dial, Inc., BCP asked for clarification which was supposed to be attached
10 to the contract for services as "Schedule B." Smart Dial, Inc. provided "Schedule B" but
11 redacted all of the payment information (Exhibit 85, page 1025).

12 The independent investigation of The Payment People, Inc. and Smart Dial, Inc.
13 revealed that the address for Smart Dial, Inc.; 102 S. Tejon Street, 11th Floor, Colorado
14 Springs, CO 80903 is in reality nothing more than a "virtual office" which had been leased by
15 The Payment People, Inc. through Jeff McKay (See Exhibit 85, page 1020, and Exhibit 86,
16 attached hereto and made a part hereof). In truth, Smart Dial, Inc. is operated by The
17 Payment People, Inc. at 5225 Pentecost Dr, Bldg 18, Modesto, California and there is no
18 activity or employees of Smart Dial, Inc. in Colorado Springs, Colorado. (See Exhibit 85, page
19 998). This appears to be a deliberate attempt to divert consumers from discovering that Smart
20 Dial, Inc. is purely a California/Nevada operation.

21 A search of the internet for information regarding "Smart Dial" indicated the only
22 reference to "Smart Dial" was the internet website www.smartdial.net (See Exhibit 87, attached
23 hereto and made a part hereof). The address on the internet site of 102 S. Tejon Street, 11th
24 Floor, Colorado Springs, CO 80903 confirms that this is Smart Dial, Inc.'s website. (See
25 Exhibit 87, page 1044). According to the Domain Tools website registry check,
26 www.smartdial.net is registered with Domains by Proxy, Inc. (See Exhibit 88, attached hereto
27 and made a part hereof). The BCP sent a subpoena to Domains by Proxy. Domains by Proxy,
28 Inc. responded to that subpoena on May 21, 2009 (See Exhibit 12, attached hereto and made

1 a part hereof). The return on the subpoena indicated that www.smartdial.net is registered to
2 Don McNely (See Exhibit 12, page 104). Donovan (Don) McNely is listed as the Secretary for
3 The Payment People, Inc. at the Nevada Secretary of State website. (See Exhibit 13, attached
4 hereto and made a part hereof). Jeff McKay is listed as the President and Director for The
5 Payment People, Inc. at the Nevada Secretary of State website (See Exhibit 13, page 113).
6 Brenda McKay is listed as the Treasurer for The Payment People, Inc. at the Nevada
7 Secretary of State website (See Exhibit 13, page 113).

8 The BCP investigation and the responses to the data requests provided by Smart Dial,
9 Inc. as part of the PUCN application process, indicates that, in fact, The Payment People, Inc.
10 is the alter ego of Smart Dial, Inc. The corporation was created and paid for by Jeff McKay of
11 The Payment People, Inc. (Exhibit 89, attached hereto and made a part hereof) and although
12 requests have been made, no sale of Smart Dial, Inc. has been provided by The Payment
13 People, Inc. The website for Smart Dial, Inc. is owned by Don Mc Nely of The Payment
14 People, Inc. not Smart Dial, Inc. (See Exhibit 12, page 104). The “virtual office” for Smart Dial,
15 Inc., 102 S. Tejon Street, 11th Floor, Colorado Springs, CO 80903, is rented by Jeff McKay of
16 The Payment People, Inc. not Smart Dial, Inc. (Exhibit 85, page 1020 and Exhibit 86, pages
17 1026 and 1027). In fact, the only activity by Harold Vander Veen, the owner of Smart Dial, Inc.,
18 is only to provide “Payment People with availability of signatures.” (See Exhibit 85, page
19 1012). Smart Dial, Inc. cannot operate except through The Payment People, Inc.

20 The BCP has probable cause to investigate The Payment People, Inc. doing business
21 as Smart Dial, Inc. in violation of NRS 598.0915(4), NRS 598.0915(15), and NRS 598.0923(2).
22 **(Note to reader: The following companies are not billing consumers and appear to be**
23 **held in limbo for reasons unknown.)**

24 **k) Blue Sky Long Distance, Inc.**

25 Blue Sky Long Distance, Inc. is a Nevada corporation (See Exhibit 90, attached hereto
26 and made a part hereof). On May 6, 2009, Blue Sky Long Distance, Inc., filed an application of
27 public convenience with the Public Utilities Commission of Nevada (PUCN) (See Exhibit 91
28 attached hereto and made a part hereof). The application originated from the address 5225

1 Pentecost Dr, Bldg 18, Modesto, California, which is the address of The Payment People, Inc.
2 (See Exhibit 91, page 1054). Also of interest was the indication that Blue Sky Long Distance,
3 Inc. is supposedly located at 2475 Northwinds Pkwy, Suite 200, Alpharetta, GA 30009,
4 however, its president, Kathleen Burrow, lives in Modesto, California. (See Exhibit 91, pages
5 1057 and 1058). Kathleen Burrow's resume indicates that she has no prior experience in the
6 telecommunications industry (See Exhibit 91, pages 1071 and 1072). Also of interest is the
7 Profit and Loss statement provided with the PUCN indicated that Blue Sky Long Distance, Inc.
8 had no income in 2008 (See Exhibit 91, pages 1061 and 1062). Because of the investigation
9 of The Payment People, Inc. related to Blue Sky Long Distance, Inc. (above) the BCP filed to
10 intervene in the application hearing before the PUCN.

11 As part of the administrative process before the PUCN, both the PUCN staff and the
12 BCP filed data requests to Blue Sky Long Distance, Inc. who responded in part (See Exhibit 92
13 attached hereto and made a part hereof). The responses to the data request included a copy
14 of the "Management Agreement" between Blue Sky Long Distance, Inc. and The Payment
15 People, Inc. That "Management Agreement" states that The Payment People, Inc. will have
16 "the exclusive rights for management and as the marketing agent" for Blue Sky Long Distance,
17 Inc. and to provide customer service, billing and collection services (See Exhibit 92, page
18 1093). In addition, Blue Sky Long Distance, Inc. was to provide a "power of attorney" to The
19 Payment People, Inc. (See Exhibit 92, page 1098). The "Power of Attorney" states:

20 "I...appoint THE PAYMENT PEOPLE...as the company's attorney-in-fact
21 and to act in company's place...to conduct business... [with] ...full
22 authority to act in any manner ... and ratify every act that he may lawfully
perform in exercising those powers."

23 (See Exhibit 92, page 1098). This creates, in fact, an unlimited power of attorney for The
24 Payment People, Inc. to operate as the alter ego of Blue Sky Long Distance, Inc. According to
25 the "Management Agreement" Kathleen Burrow, the owner of Blue Sky Long Distance, Inc.,
26 only "provides Payment People with availability of signatures," and some vague "consulting"
27 services. (See Exhibit 92, page 1093). The response to the data requests also indicated that
28 Kathleen Burrow is 100% owner of Blue Sky Long Distance, Inc. (See Exhibit 92, page 1078).

1 The responses to the data request also indicated that:

2 Blue Sky Long Distance, Inc. operates only as a virtual office with mail forwarding
3 services. Thus, there will be no employees stationed at the Alpharetta, Georgia
4 address.

5 (See Exhibit 92, page 1079). Lastly, the response admits that no written notice is sent to new
6 “customers” by mail, notifying them with a clear and detailed description relating directly to the
7 services for which the customer is being billed; all terms and conditions relating directly to the
8 services provided; and the name, address and telephone number of the provider. (See Exhibit
9 92, pages 1082 and 1083).

10 In the response to the data request to the PUCN, Blue Sky Long Distance, Inc.
11 indicates that it has no independent contract with any reseller of telephone services and that
12 only The Payment People, Inc. have a switching agreement which is with Virtual PBX (See
13 Exhibit 92, page 1080). Because Blue Sky Long Distance, Inc. did not provide any payment
14 agreement showing how payments were made by Blue Sky Long Distance, Inc. to The
15 Payment People, Inc., nor from The Payment People, Inc. to Blue Sky Long Distance, Inc.,
16 BCP asked for clarification which was supposed to be attached to the contract for services as
17 “Schedule B” (Exhibit 92, page 1081) but was missing. On July 28, 2009, Blue Sky Long
18 Distance, Inc. provided “Schedule B” but redacted all of the payment information (Exhibit 96,
19 attached hereto and made a part hereof, page 1129).

20 The independent investigation of The Payment People, Inc. and Blue Sky Long
21 Distance, Inc. revealed that the address for Blue Sky Long Distance, Inc.; 2475 Northwinds
22 Pkwy, Suite 200, Alpharetta, GA 30009 is in reality nothing more than a “virtual office” which
23 had been leased by The Payment People, Inc. through Jeff McKay (See Exhibit 92, page
24 1101, and Exhibit 93, attached hereto and made a part hereof). In truth, Blue Sky Long
25 Distance, Inc. is operated by The Payment People, Inc. at 5225 Pentecost Dr, Bldg 18,
26 Modesto, California and there is no activity or employees of Blue Sky Long Distance, Inc. in
27 Alpharetta, Georgia. (See Exhibit 92, page 1079). This appears to be a deliberate attempt to
28 divert consumers from discovering that Blue Sky Long Distance, Inc. is purely a
California/Nevada operation.

1 A search of the internet for information regarding "Blue Sky Long Distance" indicated
2 the only reference to "Blue Sky Long Distance" was the internet website www.blueskyld.com
3 (See Exhibit 94, attached hereto and made a part hereof). The address on the internet site of
4 2475 Northwinds Pkwy, Suite 200, Alpharetta, GA 30009 confirms that this is Blue Sky Long
5 Distance, Inc.'s website. (See Exhibit 94, page 1122). According to the Domain Tools website
6 registry check, www.blueskyld.com is registered with Domains by Proxy, Inc. (See Exhibit 95,
7 attached hereto and made a part hereof). The BCP sent a subpoena to Domains by Proxy.
8 Domains by Proxy, Inc. responded to that subpoena on May 21, 2009 (See Exhibit 12,
9 attached hereto and made a part hereof). The return on the subpoena indicated that
10 www.blueskyld.com is registered to Don McNely (See Exhibit 12, page 94). Donovan (Don)
11 McNely is listed as the Secretary for The Payment People, Inc. at the Nevada Secretary of
12 State website. (See Exhibit 13, attached hereto and made a part hereof). Jeff McKay is listed
13 as the President and Director for The Payment People, Inc. at the Nevada Secretary of State
14 website (See Exhibit 13, page 113). Brenda McKay is listed as the Treasurer for The Payment
15 People, Inc. at the Nevada Secretary of State website (See Exhibit 13, page 113).

16 The BCP investigation and the responses to the data requests provided by Blue Sky
17 Long Distance, Inc. as part of the PUCN application process, indicates that, in fact, The
18 Payment People, Inc. is the alter ego of Blue Sky Long Distance, Inc. The corporation was
19 created and paid for by Jeff McKay of The Payment People, Inc. (Exhibit 97, attached hereto
20 and made a part hereof) and although requests have been made, no sale of Blue Sky Long
21 Distance, Inc. has been provided by The Payment People, Inc. The website for Blue Sky Long
22 Distance, Inc. is owned by Don Mc Nely of The Payment People, Inc. not Blue Sky Long
23 Distance, Inc. (See Exhibit 12, page 94). The "virtual office" for Blue Sky Long Distance, Inc.,
24 2475 Northwinds Pkwy, Suite 200, Alpharetta, GA 30009, is rented by Jeff McKay of The
25 Payment People, Inc. not Blue Sky Long Distance, Inc. (Exhibit 92, page 1101 and Exhibit 93,
26 pages 1105 and 1106). In fact, the only activity by Kathleen Burrow, the owner of Blue Sky
27 Long Distance, Inc., is only to provide "Payment People with availability of signatures." (See
28 Exhibit 92, page 1093). Blue Sky Long Distance, Inc. cannot operate except through The

1 Payment People, Inc.

2 The BCP has probable cause to investigate The Payment People, Inc. doing business
3 as Blue Sky Long Distance, Inc. in violation of NRS 598.0915(4), NRS 598.0915(15), and NRS
4 598.0923(2).

5 **I) Coast to Coast Long Distance, Inc.**

6 Coast to Coast Long Distance, Inc. is a Nevada corporation (See Exhibit 98, attached
7 hereto and made a part hereof). On May 6, 2009, Coast to Coast Long Distance, Inc., filed an
8 application of public convenience with the Public Utilities Commission of Nevada (PUCN) (See
9 Exhibit 99 attached hereto and made a part hereof). The application originated from the
10 address 5225 Pentecost Dr, Bldg 18, Modesto, California, which is the address of The
11 Payment People, Inc. (See Exhibit 99, page 1135). Also of interest was the indication that
12 Coast to Coast Long Distance, Inc. is supposedly located at 8044 Montgomery Road, Suite
13 700, Cincinnati, OH 45236, however, its president, Ashley Peters, lives in Modesto, California.
14 (See Exhibit 99, pages 1139 and 1140). Ashley Peters' resume indicates that she has no prior
15 experience in the telecommunications industry (See Exhibit 99, pages 1151 and 1152). Also of
16 interest is the Profit and Loss statement provided with the PUCN indicated that Coast to Coast
17 Long Distance, Inc. had no income in 2008, but unlike the other companies, had no
18 expenditures (See Exhibit 99, page 1142). Because of the investigation of The Payment
19 People, Inc. related to Coast to Coast Long Distance, Inc. (above) the BCP filed to intervene in
20 the application hearing before the PUCN.

21 As part of the administrative process before the PUCN, both the PUCN staff and the
22 BCP filed data requests to Coast to Coast Long Distance, Inc. who responded in part (See
23 Exhibit 100 attached hereto and made a part hereof). The responses to the data request
24 included a copy of the "Management Agreement" between Coast to Coast Long Distance, Inc.
25 and The Payment People, Inc. That "Management Agreement" states that The Payment
26 People, Inc. will have "the exclusive rights for management and as the marketing agent" for
27 Coast to Coast Long Distance, Inc. and to provide customer service, billing and collection
28 services (See Exhibit 100, page 1174). In addition, Coast to Coast Long Distance, Inc. was to

1 provide a “power of attorney” to The Payment People, Inc. (See Exhibit 100, page 1179). The

2 “Power of Attorney” states:

3 “I...appoint THE PAYMENT PEOPLE...as the company’s attorney-in-fact
4 and to act in company’s place...to conduct business... [with] ...full
5 authority to act in any manner ... and ratify every act that he may lawfully
6 perform in exercising those powers.”

6 (See Exhibit 100, page 1179). This creates in fact an unlimited power of attorney for The
7 Payment People, Inc. to operate as the alter ego of Coast to Coast Long Distance, Inc.

8 According to the “Management Agreement” Ashley Peters, the owner of Coast to Coast Long
9 Distance, Inc., only “provides Payment People with availability of signatures,” and some vague
10 “consulting” services. (See Exhibit 100, page 1174). The response to the data requests also
11 indicated that Ashley Peters is 100% owner of Coast to Coast Long Distance, Inc. (See Exhibit
12 100, page 1158). The responses to the data request also indicated that:

13 Coast to Coast Long Distance, Inc. operates only as a virtual office with mail
14 forwarding services. Thus, there will be no employees stationed at the Cincinnati,
15 Ohio address.

15 (See Exhibit 100, page 1159). Lastly, the response admits that no written notice is sent to new
16 “customers” by mail, notifying them with a clear and detailed description relating directly to the
17 services for which the customer is being billed; all terms and conditions relating directly to the
18 services provided; and the name, address and telephone number of the provider. (See Exhibit
19 100, page 1164).

20 In the response to the data request to the PUCN, Coast to Coast Long Distance, Inc.
21 indicates that it has no independent contract with any reseller of telephone services and that
22 only The Payment People, Inc. have a switching agreement which is with Virtual PBX (See
23 Exhibit 100, page 1162). Because Coast to Coast Long Distance, Inc. did not provide any
24 payment agreement showing how payments were made by Coast to Coast Long Distance, Inc.
25 to The Payment People, Inc., nor from The Payment People, Inc. to Coast to Coast Long
26 Distance, Inc., BCP asked for clarification which was supposed to be attached to the contract
27 for services as “Schedule B.” Coast to Coast Long Distance, Inc. provided “Schedule B” but
28 redacted all of the payment information (Exhibit 100, page 1187).

1 The independent investigation of The Payment People, Inc. and Coast to Coast Long
2 Distance, Inc. revealed that the address for Coast to Coast Long Distance, Inc.; 8044
3 Montgomery Road, Suite 700, Cincinnati, OH 45236 is in reality nothing more than a “virtual
4 office” which had been leased by The Payment People, Inc. through Jeff McKay (See Exhibit
5 100, page 1182, and Exhibit 101, attached hereto and made a part hereof). In truth, Coast to
6 Coast Long Distance, Inc. is operated by The Payment People, Inc. at 5225 Pentecost Dr,
7 Bldg 18, Modesto, California and there is no activity or employees of Coast to Coast Long
8 Distance, Inc. in Cincinnati, Ohio. (See Exhibit 100, page 1159). This appears to be a
9 deliberate attempt to divert consumers from discovering that Coast to Coast Long Distance,
10 Inc. is purely a California/Nevada operation.

11 A search of the internet for information regarding “Coast to Coast Long Distance”
12 indicated the only reference to “Coast to Coast Long Distance” was the internet website
13 www.coasttocoastld.com (See Exhibit 102, attached hereto and made a part hereof). The
14 address on the internet site of 8044 Montgomery Road, Suite 700, Cincinnati, OH 45236
15 confirms that this is Coast to Coast Long Distance, Inc.’s website. (See Exhibit 102, page
16 1205). According to the Domain Tools website registry check, www.coasttocoastld.com is
17 registered with Domains by Proxy, Inc. (See Exhibit 103, attached hereto and made a part
18 hereof). The BCP sent a subpoena to Domains by Proxy. Domains by Proxy, Inc. responded to
19 that subpoena on May 21, 2009 (See Exhibit 12, attached hereto and made a part hereof). The
20 return on the subpoena indicated that www.coasttocoastld.com is registered to Don McNely
21 (See Exhibit 12, page 95). Donovan (Don) McNely is listed as the Secretary for The Payment
22 People, Inc. at the Nevada Secretary of State website. (See Exhibit 13, attached hereto and
23 made a part hereof). Jeff McKay is listed as the President and Director for The Payment
24 People, Inc. at the Nevada Secretary of State website (See Exhibit 13, page 113). Brenda
25 McKay is listed as the Treasurer for The Payment People, Inc. at the Nevada Secretary of
26 State website (See Exhibit 13, page 113).

27 The BCP investigation and the responses to the data requests provided by Coast to
28 Coast Long Distance, Inc. as part of the PUCN application process, indicates that, in fact, The

1 Payment People, Inc. is the alter ego of Coast to Coast Long Distance, Inc. The corporation
2 was created and paid for by Jeff McKay of The Payment People, Inc. (Exhibit 104, attached
3 hereto and made a part hereof) and although requests have been made, no sale of Coast to
4 Coast Long Distance, Inc. has been provided by The Payment People, Inc. The website for
5 Coast to Coast Long Distance, Inc. is owned by Don Mc Nely of The Payment People, Inc. not
6 Coast to Coast Long Distance, Inc. (See Exhibit 12, page 95). The “virtual office” for Coast to
7 Coast Long Distance, Inc., 8044 Montgomery Road, Suite 700, Cincinnati, OH 45236, is
8 rented by Jeff McKay of The Payment People, Inc. not Coast to Coast Long Distance, Inc.
9 (Exhibit 100, page 1182 and Exhibit 101, pages 1188 and 1189). In fact, the only activity by
10 Ashley Peters, the owner of Coast to Coast Long Distance, Inc., is only to provide “Payment
11 People with availability of signatures.” (See Exhibit 100, page 1174). Coast to Coast Long
12 Distance, Inc. cannot operate except through The Payment People, Inc.

13 The BCP has probable cause to investigate The Payment People, Inc. doing business
14 as Coast to Coast Long Distance, Inc. in violation of NRS 598.0915(4), NRS 598.0915(15),
15 and NRS 598.0923(2).

16 **m) First Choice Long Distance, Inc.**

17 First Choice Long Distance, Inc. is a Nevada corporation (See Exhibit 105, attached
18 hereto and made a part hereof). On May 6, 2009, First Choice Long Distance, Inc., filed an
19 application of public convenience with the Public Utilities Commission of Nevada (PUCN) (See
20 Exhibit 106 attached hereto and made a part hereof). The application originated from the
21 address 5225 Pentecost Dr, Bldg 18, Modesto, California, which is the address of The
22 Payment People, Inc. (See Exhibit 106, page 1212). Also of interest was the indication that
23 First Choice Long Distance, Inc. is supposedly located at 10900 N.E. 4th Street, Suite 2300,
24 Bellevue, WA 98004, however, its president, Karin Turner, lives in El Cajon, California. (See
25 Exhibit 106, pages 1215 and 1216). Karin Turner’s resume indicates that she has no prior
26 experience in the telecommunications industry (See Exhibit 106, page 1129). Also of interest is
27 the Profit and Loss statement provided with the PUCN indicated that First Choice Long
28 Distance, Inc. had no income in 2008 (See Exhibit 106, pages 1219 and 1220). Because of

1 the investigation of The Payment People, Inc. related to First Choice Long Distance, Inc.
2 (above) the BCP filed to intervene in the application hearing before the PUCN.

3 As part of the administrative process before the PUCN, both the PUCN staff and the
4 BCP filed data requests to First Choice Long Distance, Inc. who responded in part (See Exhibit
5 107 attached hereto and made a part hereof). The responses to the data request included a
6 copy of the "Management Agreement" between First Choice Long Distance, Inc. and The
7 Payment People, Inc. That "Management Agreement" states that The Payment People, Inc.
8 will have "the exclusive rights for management and as the marketing agent" for First Choice
9 Long Distance, Inc. and to provide customer service, billing and collection services (See
10 Exhibit 107, page 1252). In addition, First Choice Long Distance, Inc. was to provide a "power
11 of attorney" to The Payment People, Inc. (See Exhibit 107, page 1257). The "Power of
12 Attorney" states:

13 "I...appoint THE PAYMENT PEOPLE...as the company's attorney-in-fact
14 and to act in company's place...to conduct business... [with] ...full
15 authority to act in any manner ... and ratify every act that he may lawfully
perform in exercising those powers."

16 (See Exhibit 107, page 1257). This creates, in fact, an unlimited power of attorney for The
17 Payment People, Inc. to operate as the alter ego of First Choice Long Distance, Inc.
18 According to the "Management Agreement" Karin Turner, the owner of First Choice Long
19 Distance, Inc., only "provides Payment People with availability of signatures," and some vague
20 "consulting" services. (See Exhibit 107, page 1252). The response to the data requests also
21 indicated that Karin Turner is 100% owner of First Choice Long Distance, Inc. (See Exhibit
22 107, page 1236). The responses to the data request also indicated that:

23 First Choice Long Distance, Inc. operates only as a virtual office with mail
24 forwarding services. Thus, there will be no employees stationed at the Bellevue,
Washington address.

25 (See Exhibit 107, page 1237). Lastly, the response admits that no written notice is sent to new
26 "customers" by mail, notifying them with a clear and detailed description relating directly to the
27 services for which the customer is being billed; all terms and conditions relating directly to the
28 services provided; and the name, address and telephone number of the provider. (See Exhibit

1 107, page 1241).

2 In the response to the data request to the PUCN, First Choice Long Distance, Inc.
3 indicates that it has no independent contract with any reseller of telephone services and that
4 only The Payment People, Inc. have a switching agreement which is with Virtual PBX (See
5 Exhibit 107, page 1239). Because First Choice Long Distance, Inc. did not provide any
6 payment agreement showing how payments were made by First Choice Long Distance, Inc. to
7 The Payment People, Inc., nor from The Payment People, Inc. to First Choice Long Distance,
8 Inc., BCP asked for clarification which was supposed to be attached to the contract for
9 services as "Schedule B" (Exhibit 107, page 1239) but was missing. On July 28, 2009, First
10 Choice Long Distance, Inc. provided "Schedule B" but redacted all of the payment information
11 (Exhibit 111, attached hereto and made a part hereof, page 1289).

12 The independent investigation of The Payment People, Inc. and First Choice Long
13 Distance, Inc. revealed that the address for First Choice Long Distance, Inc.; 10900 N.E. 4th
14 Street, Suite 2300, Bellevue, WA 98004 is in reality nothing more than a "virtual office" which
15 had been leased by The Payment People, Inc. through Jeff McKay (See Exhibit 107, page
16 1260, and Exhibit 108, attached hereto and made a part hereof). In truth, First Choice Long
17 Distance, Inc. is operated by The Payment People, Inc. at 5225 Pentecost Dr, Bldg 18,
18 Modesto, California and there is no activity or employees of First Choice Long Distance, Inc. in
19 Bellevue, Washington. (See Exhibit 107, page 1237). This appears to be a deliberate attempt
20 to divert consumers from discovering that First Choice Long Distance, Inc. is purely a
21 California/Nevada operation.

22 A search of the internet for information regarding "First Choice Long Distance" indicated
23 the only reference to "First Choice Long Distance" was the internet website
24 www.firstchoiceld.com (See Exhibit 109, attached hereto and made a part hereof). The
25 address on the internet site of 10900 N.E. 4th Street, Suite 2300, Bellevue, WA 98004
26 confirms that this is First Choice Long Distance, Inc.'s website. (See Exhibit 109, page 1282).
27 According to the Domain Tools website registry check, www.firstchoiceld.com is registered
28 with Domains by Proxy, Inc. (See Exhibit 110 attached hereto and made a part hereof). The

1 BCP sent a subpoena to Domains by Proxy. Domains by Proxy, Inc. responded to that
2 subpoena on May 21, 2009 (See Exhibit 12, attached hereto and made a part hereof). The
3 return on the subpoena indicated that www.firstchoiceld.com is registered to Don McNely (See
4 Exhibit 12, page 110). Donovan (Don) McNely is listed as the Secretary for The Payment
5 People, Inc. at the Nevada Secretary of State website. (See Exhibit 13, attached hereto and
6 made a part hereof). Jeff McKay is listed as the President and Director for The Payment
7 People, Inc. at the Nevada Secretary of State website (See Exhibit 13, page 113). Brenda
8 McKay is listed as the Treasurer for The Payment People, Inc. at the Nevada Secretary of
9 State website (See Exhibit 13, page 113).

10 The BCP investigation and the responses to the data requests provided by First Choice
11 Long Distance, Inc. as part of the PUCN application process, indicates that in fact The
12 Payment People, Inc. is the alter ego of First Choice Long Distance, Inc. The corporation was
13 created and paid for by Jeff McKay of The Payment People, Inc. (Exhibit 112, attached hereto
14 and made a part hereof) and although requests have been made, no sale of First Choice Long
15 Distance, Inc. has been provided by The Payment People, Inc. The website for First Choice
16 Long Distance, Inc. is owned by Don Mc Nely of The Payment People, Inc. not First Choice
17 Long Distance, Inc. (See Exhibit 12, page 110). The “virtual office” for First Choice Long
18 Distance, Inc., 10900 N.E. 4th Street, Suite 2300, Bellevue, WA 98004, is rented by Jeff
19 McKay of The Payment People, Inc. not First Choice Long Distance, Inc. (Exhibit 107, page
20 1260 and Exhibit 108, pages 1264 and 1265). In fact, the only activity by Karin Turner, the
21 owner of First Choice Long Distance, Inc., is only to provide “Payment People with availability
22 of signatures.” (See Exhibit 107, page 1252). First Choice Long Distance, Inc. cannot operate
23 except through The Payment People, Inc.

24 The BCP has probable cause to investigate The Payment People, Inc. doing business
25 as First Choice Long Distance, Inc. in violation of NRS 598.0915(4), NRS 598.0915(15), and
26 NRS 598.0923(2).

27 **n) Bundled Rate Long Distance, Inc.**

28 Bundled Rate Long Distance, Inc. is a Nevada corporation (See Exhibit 113, attached

1 hereto and made a part hereof). On May 6, 2009, Bundled Rate Long Distance, Inc., filed an
2 application of public convenience with the Public Utilities Commission of Nevada (PUCN) (See
3 Exhibit 114 attached hereto and made a part hereof). The application originated from the
4 address 5225 Pentecost Dr, Bldg 18, Modesto, California, which is the address of The
5 Payment People, Inc. (See Exhibit 114, page 1295). Also of interest was the indication that
6 Bundled Rate Long Distance, Inc. is supposedly located at 8400 Normandale Lake Blvd., Suite
7 920, Bloomington, MN 55437, however, its president, David Jansson, lives in Modesto,
8 California. (See Exhibit 114, pages 1298 and 1299). David Jansson's resume indicates that he
9 has no prior experience in the telecommunications industry (See Exhibit 114, pages 1312 and
10 1313). Also of interest is the Profit and Loss statement provided with the PUCN indicated that
11 Bundled Rate Long Distance, Inc. had no income in 2008 (See Exhibit 114, pages 1302 and
12 1303). Because of the investigation of The Payment People, Inc. related to Bundled Rate
13 Long Distance, Inc. (above) the BCP filed to intervene in the application hearing before the
14 PUCN.

15 As part of the administrative process before the PUCN, both the PUCN staff and the
16 BCP filed data requests to Bundled Rate Long Distance, Inc. who responded in part (See
17 Exhibit 115 attached hereto and made a part hereof). The responses to the data request
18 included a copy of the "Management Agreement" between Bundled Rate Long Distance, Inc.
19 and The Payment People, Inc. That "Management Agreement" states that The Payment
20 People, Inc. will have "the exclusive rights for management and as the marketing agent" for
21 Bundled Rate Long Distance, Inc. and to provide customer service, billing and collection
22 services (See Exhibit 115, page 1335). In addition, Bundled Rate Long Distance, Inc. was to
23 provide a "power of attorney" to The Payment People, Inc. (See Exhibit 115, page 1340). The
24 "Power of Attorney" states:

25 "I...appoint THE PAYMENT PEOPLE...as the company's attorney-in-fact
26 and to act in company's place...to conduct business... [with] ...full
27 authority to act in any manner ... and ratify every act that he may lawfully
perform in exercising those powers."

28 (See Exhibit 115, page 1340). This creates, in fact, an unlimited power of attorney for The

1 Payment People, Inc. to operate as the alter ego of Bundled Rate Long Distance, Inc.
2 According to the "Management Agreement" David Jansson, the owner of Bundled Rate Long
3 Distance, Inc., only "provides Payment People with availability of signatures," and some vague
4 "consulting" services. (See Exhibit 115, page 1335). The response to the data requests also
5 indicated that David Jansson is 100% owner of Bundled Rate Long Distance, Inc. (See Exhibit
6 115, page 1320). The responses to the data request also indicated that:

7 Bundled Rate Long Distance, Inc. operates only as a virtual office with mail
8 forwarding services. Thus, there will be no employees stationed at the
Bloomington, Minnesota address.

9 (See Exhibit 115, page 1321). Lastly, the response admits that no written notice is sent to new
10 "customers" by mail, notifying them with a clear and detailed description relating directly to the
11 services for which the customer is being billed; all terms and conditions relating directly to the
12 services provided; and the name, address and telephone number of the provider. (See Exhibit
13 115, pages 1324 and 1325).

14 In the response to the data request to the PUCN, Bundled Rate Long Distance, Inc.
15 indicates that it has no independent contract with any reseller of telephone services and that
16 only The Payment People, Inc. have a switching agreement which is with Virtual PBX (See
17 Exhibit 115, page 1322). Because Bundled Rate Long Distance, Inc. did not provide any
18 payment agreement showing how payments were made by Bundled Rate Long Distance, Inc.
19 to The Payment People, Inc., nor from The Payment People, Inc. to Bundled Rate Long
20 Distance, Inc., BCP asked for clarification which was supposed to be attached to the contract
21 for services as "Schedule B" (Exhibit 115, page 1323) but was missing. On July 28, 2009,
22 Bundled Rate Long Distance, Inc. provided "Schedule B" but redacted all of the payment
23 information (Exhibit 119, attached hereto and made a part hereof, page 1370).

24 The independent investigation of The Payment People, Inc. and Bundled Rate Long
25 Distance, Inc. revealed that the address for Bundled Rate Long Distance, Inc.; 8400
26 Normandale Lake Blvd., Suite 920, Bloomington, MN 55437 is in reality nothing more than a
27 "virtual office" which had been leased by The Payment People, Inc. through Jeff McKay (See
28 Exhibit 115, page 1343, and Exhibit 117, attached hereto and made a part hereof). In truth,

1 Bundled Rate Long Distance, Inc. is operated by The Payment People, Inc. at 5225 Pentecost
2 Dr, Bldg 18, Modesto, California and there is no activity or employees of Bundled Rate Long
3 Distance, Inc. in Bloomington, Minnesota. (See Exhibit 115, page 1321). This appears to be a
4 deliberate attempt to divert consumers from discovering that Bundled Rate Long Distance, Inc.
5 is purely a California/Nevada operation.

6 A search of the internet for information regarding "Bundled Rate Long Distance"
7 indicated the only reference to "Bundled Rate Long Distance" was the internet website
8 www.bundledrateld.com (See Exhibit 117, attached hereto and made a part hereof). The
9 address on the internet site of 8400 Normandale Lake Blvd., Suite 920, Bloomington, MN
10 55437 confirms that this is Bundled Rate Long Distance, Inc.'s website. (See Exhibit 117, page
11 1364). According to the Domain Tools website registry check, www.bundledrateld.com is
12 registered with Domains by Proxy, Inc. (See Exhibit 118 attached hereto and made a part
13 hereof). The BCP sent a subpoena to Domains by Proxy. Domains by Proxy, Inc. responded to
14 that subpoena on May 21, 2009 (See Exhibit 12, attached hereto and made a part hereof). The
15 return on the subpoena indicated that www.bundledrateld.com is registered to Don McNely
16 (See Exhibit 12, page 111). Donovan (Don) McNely is listed as the Secretary for The Payment
17 People, Inc. at the Nevada Secretary of State website. (See Exhibit 13, attached hereto and
18 made a part hereof). Jeff McKay is listed as the President and Director for The Payment
19 People, Inc. at the Nevada Secretary of State website (See Exhibit 13, page 113). Brenda
20 McKay is listed as the Treasurer for The Payment People, Inc. at the Nevada Secretary of
21 State website (See Exhibit 13, page 113).

22 The BCP investigation and the responses to the data requests provided by Bundled
23 Rate Long Distance, Inc. as part of the PUCN application process, indicates that in fact The
24 Payment People, Inc. is the alter ego of Bundled Rate Long Distance, Inc. The corporation
25 was created and paid for by Jeff McKay of The Payment People, Inc. (Exhibit 120, attached
26 hereto and made a part hereof) and although requests have been made, no sale of Bundled
27 Rate Long Distance, Inc. has been provided by The Payment People, Inc. The website for
28 Bundled Rate Long Distance, Inc. is owned by Don Mc Nely of The Payment People, Inc. not

1 Bundled Rate Long Distance, Inc. (See Exhibit 12, page 111). The “virtual office” for Bundled
2 Rate Long Distance, Inc., 8400 Normandale Lake Blvd., Suite 920, Bloomington, MN 55437, is
3 rented by Jeff McKay of The Payment People, Inc. not Bundled Rate Long Distance, Inc.
4 (Exhibit 115, page 1343 and Exhibit 116, pages 1347 and 1348). In fact, the only activity by
5 David Jansson, the owner of Bundled Rate Long Distance, Inc., is only to provide “Payment
6 People with availability of signatures.” (See Exhibit 115, page 1335). Bundled Rate Long
7 Distance, Inc. cannot operate except through The Payment People, Inc.

8 **o) Conclusion**

9 The Payment People, Inc. and Universal Call Plan, Inc., Sure Connection LD, Inc., Long
10 Distance Depot, Inc., Flat Rate Long Distance, Inc., Long Distance Mart, Inc., Xoom
11 Telecommunications, Inc., Call Direct, Inc., Call For Less, Inc., Connect Direct LD, Inc., Blue
12 Sky Long Distance, Inc., Coast To Coast Long Distance, Inc., First Choice Long Distance, Inc.,
13 Bundled Rate Long Distance Inc., Smart Dial, Inc. have not even been honest with their
14 resident agent, State Agent and Transfer Syndicate. Each of the corporations by and through
15 Lisa Constable, an employee of The Payment People, Inc. filed certificates with State Agent
16 and Transfer Syndicate indicating that the custodian of records and the bylaws, amendments
17 thereto, and the stock ledgers were each located at the virtual offices. (See Exhibit 124
18 attached hereto and made a part hereof). In fact, as seen above, the addresses (all virtual
19 offices of Regus Management) only provides mail forwarding services. See the identical
20 responses to BCP DR 1-11 for each of the corporations, for example Exhibit 8, page 41). The
21 only known purposes in falsifying those certifications with the resident agent is that it is part of
22 a continuing scheme to mislead consumers and others as to the true location of these
23 companies in Modesto, California.

24 The BCP has probable cause to investigate The Payment People, Inc. doing business
25 as Bundled Rate Long Distance, Inc. in violation of NRS 598.0915(4), NRS 598.0915(15), and
26 NRS 598.0923(2). Unless enjoined by this Court, BCP is informed and believes that The
27 Payment People, Inc., Universal Call Plan, Inc., Sure Connection LD, Inc., Long Distance
28 Depot, Inc., Flat Rate Long Distance, Inc., Long Distance Mart, Inc., Xoom

1 Telecommunications, Inc., Call Direct, Inc., Call For Less, Inc., Connect Direct LD, Inc., Blue
2 Sky Long Distance, Inc., Coast To Coast Long Distance, Inc., First Choice Long Distance, Inc.,
3 Bundled Rate Long Distance Inc., Smart Dial, Inc., Jeff Mckay, Brenda Mckay, Donovan
4 McNely, and DOES 1-10 in their individual and/or corporate capacities, will continue to act in
5 violation of Nevada's deceptive trade laws.

6 Accordingly, the BCP respectfully requests a preliminary injunction be issued pursuant
7 to NRS 598.0963, preventing and restraining The Payment People, Inc., Universal Call Plan,
8 Inc., Sure Connection LD, Inc., Long Distance Depot, Inc., Flat Rate Long Distance, Inc., Long
9 Distance Mart, Inc., Xoom Telecommunications, Inc., Call Direct, Inc., Call For Less, Inc.,
10 Connect Direct LD, Inc., Blue Sky Long Distance, Inc., Coast To Coast Long Distance, Inc.,
11 First Choice Long Distance, Inc., Bundled Rate Long Distance Inc., Smart Dial, Inc., Jeff
12 McKay, Brenda McKay, Donovan McNely, and DOES 1-10 in their individual and/or corporate
13 capacities, their employees, agents and representatives from violating Nevada's deceptive
14 trade laws and other relief as specified below. It is the belief of the BCP and the State of
15 Nevada that unless immediately enjoined from the following actions, The Payment People,
16 Inc., Universal Call Plan, Inc., Sure Connection LD, Inc., Long Distance Depot, Inc., Flat Rate
17 Long Distance, Inc., Long Distance Mart, Inc., Xoom Telecommunications, Inc., Call Direct,
18 Inc., Call For Less, Inc., Connect Direct LD, Inc., Blue Sky Long Distance, Inc., Coast To
19 Coast Long Distance, Inc., First Choice Long Distance, Inc., Bundled Rate Long Distance Inc.,
20 Smart Dial, Inc., Jeff McKay, Brenda McKay, Donovan McNely, and DOES 1-10 in their
21 individual and/or corporate capacities, their employees, agents and representatives will
22 continue to violate the provisions of NRS Chapter 598 and victimize Nevada citizens.

23 **REQUESTED PROVISIONS FOR PRELIMINARY INJUNCTION**

24 BCP requests that a preliminary injunction be issued as follows:

25 That The Payment People, Inc., Universal Call Plan, Inc., Sure Connection LD, Inc.,
26 Long Distance Depot, Inc., Flat Rate Long Distance, Inc., Long Distance Mart, Inc., Xoom
27 Telecommunications, Inc., Call Direct, Inc., Call For Less, Inc., Connect Direct LD, Inc., Blue
28 Sky Long Distance, Inc., Coast To Coast Long Distance, Inc., First Choice Long Distance, Inc.,

1 Bundled Rate Long Distance Inc., Smart Dial, Inc., Jeff McKay, Brenda McKay, Donovan
2 McNely, and their agents, servants, employees, salespersons, distributors, corporations,
3 subsidiaries, affiliates, successors, assigns, and those persons or entities in active concert or
4 participation with them are hereby enjoined from making, or assisting others in violating the
5 provisions of NRS Chapter 598, including but not limited to:

- 6 a.) Billing, or causing the billing of any Nevada person or business with a "775" or
7 "702" area code through any telephone bill for any telecommunication
8 services subject to NRS 704.330;
- 9 b.) Make any statement to any third party billing aggregator or local telephone
10 exchange carriers, such as AT&T, that a Nevada consumer had authorized
11 the purchase of telephone services;
- 12 c.) Billing any Nevada person or business with a "775" or "702" area code for
13 telephone or other services which have not be authorized by the Nevada
14 consumer;
- 15 d.) Cause any billing information to be sent to any Nevada person or business
16 which falsely indicates that such service has been authorized;
- 17 e.) Billing for services without providing timely written (not electronic) notice
18 containing a clear and detailed description relating directly to the services for
19 which the customer is being billed and the amount the customer is being
20 charged for each service; all terms and conditions relating directly to the
21 services provided; and the name, physical address and telephone number of
22 the provider;
- 23 f.) That when notifying any Nevada person or business about the name, physical
24 address and telephone number of the company, must provide the physical
25 address of the business where the employees of the companies are located;
26 and from
- 27 g.) Violating any provision of NRS Chapter 598 or other provision of the Nevada
28 Revised Statutes while conduction business in or conducting business with
any Nevada consumer.

19 BCP in its Complaint for Injunctive Relief, on file herein, requests that after hearing this
20 matter on the merits, that this Court issue a preliminary and permanent injunction against The
21 Payment People, Inc., Universal Call Plan, Inc., Sure Connection LD, Inc., Long Distance
22 Depot, Inc., Flat Rate Long Distance, Inc., Long Distance Mart, Inc., Xoom
23 Telecommunications, Inc., Call Direct, Inc., Call For Less, Inc., Connect Direct LD, Inc., Blue
24 Sky Long Distance, Inc., Coast To Coast Long Distance, Inc., First Choice Long Distance, Inc.,
25 Bundled Rate Long Distance Inc., Smart Dial, Inc., Jeff McKay, Brenda McKay, Donovan
26 McNely, and DOES 1-10 in their individual and/or corporate capacities, and other appropriate
27 relief.

28 . . .

1 **CONCLUSION**

2 Based on the foregoing, BCP respectfully requests a preliminary injunction be issued
3 pursuant to NRS 598.0963, preventing and restraining The Payment People, Inc., Universal
4 Call Plan, Inc., Sure Connection LD, Inc., Long Distance Depot, Inc., Flat Rate Long Distance,
5 Inc., Long Distance Mart, Inc., Xoom Telecommunications, Inc., Call Direct, Inc., Call For Less,
6 Inc., Connect Direct LD, Inc., Blue Sky Long Distance, Inc., Coast To Coast Long Distance,
7 Inc., First Choice Long Distance, Inc., Bundled Rate Long Distance Inc., Smart Dial, Inc., Jeff
8 McKay, Brenda McKay, Donovan McNely, and DOES 1-10 in their individual and/or corporate
9 capacities, from engaging in any deceptive trade practice in the State of Nevada, to preserve
10 any evidence relating to past violations and to disclose all evidence of such past violations.
11 Plaintiff also respectfully requests an award of costs pursuant to NRS 598.0999(2), in bringing
12 this action.²

13 DATED this _____ day of _____, 2009.

14 CATHERINE CORTEZ MASTO, Attorney General
15 ERIC WITKOSKI, Consumer Advocate

16
17 By: _____
18 JOHN R. MCGLAMERY
19 Senior Deputy Attorney General
20 Bar Number 00516
21 100 North Carson Street
22 Carson City, Nevada 89701-4717
23 (775) 684-1169

24
25 _____
26 ² NRS 598.0999(2) states:

27 In any action brought pursuant to the provisions of NRS 598.0903 to 598.0999, inclusive, if the court finds
28 that a person has willfully engaged in a deceptive trade practice, the Commissioner, the Director, the
district attorney of any county in this state or the Attorney General bringing the action may recover a civil
penalty not to exceed \$2,500 for each violation. The court in any such action may, in addition to any other
relief or reimbursement, award reasonable attorney's fees and costs.