

April 20, 2009

AT&T Inc.
208 South Akard Street
Dallas, TX 75202-2233

Dear Sir or Madam:

The Project On Government Oversight (POGO) has updated its Federal Contractor Misconduct Database (<http://www.contractormisconduct.org/>), a compilation of information from public resources regarding government contractors, including AT&T. I have enclosed the findings relevant to your company, and I am seeking verification of this data.

Any response would be greatly appreciated, as the accuracy of this information is in the best interest of all parties. Out of fairness to AT&T, please be assured that any response received by POGO will be posted on the website along with the data. Please note that the database includes pending instances, but these are kept separate from resolved instances and are not included in the totals.

If you have any questions, I can be reached at (202) 347-1122. Thank you for your time and consideration.

Sincerely,

Neil Gordon
Investigator

Enclosure

Instances

Overbilling the Federal Government for Telephone Services

Date: 06/27/2006 (Date of Announcement)

Misconduct Type: Government Contract Fraud

Enforcement Agency: Justice

Contracting Party: GSA

Court Type: Civil

Amount: \$2,946,000

Disposition: Settlement

Synopsis: AT&T Corp. subsidiary AT&T Communications-East, Inc. paid the United States nearly \$3 million to resolve a False Claims Act lawsuit alleging that it defrauded federal agencies by overcharging them for telephone service from December 1998 through December 2001. AT&T provided telephone services to the government as part of the FTS2000 contract administered by the General Services Administration. AT&T was alleged to have charged agencies more than the actual costs and fees AT&T paid to local telephone companies for access to their phone lines.

Civil Contempt

Date: 01/14/2009 (Date of Civil Contempt Order)

Misconduct Type: Other

Enforcement Agency: FCC

Contracting Party: None

Court Type: Civil

Amount: \$2,050,000

Disposition: Settlement

Synopsis: AT&T agreed to pay more than \$2 million as part of a civil settlement with the Department of Justice to resolve AT&T's alleged violations of two court orders entered in connection with AT&T's acquisition of Dobson Communications Corporation. Under a March 2008 consent decree, AT&T was required to divest mobile wireless telecommunications businesses in three rural service areas. Under the consent decree and a related court order, AT&T was required to ensure that the divested businesses were operated independently of AT&T and that AT&T did not influence how they were managed. AT&T was also required to preserve the confidentiality of information material to the operation of the divested businesses and not give unauthorized personnel access to such information. The government alleged AT&T failed to separate confidential customer account information of the divested businesses from its own customer records and to take other actions needed to prevent unauthorized disclosure. As a result, AT&T personnel obtained unauthorized access to the divested businesses' competitively sensitive customer information and in some situations used it to solicit and win away the divested businesses' customers. The government also alleged that AT&T, without authorization, waived early termination fees for several customers of the divested businesses to facilitate switching their wireless service from the divested businesses to AT&T.

Edwards v. Southwestern Bell Telephone (Racial Discrimination)

Date: 07/31/2008 (Date of Announcement)

Misconduct Type: Labor

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: \$411,339

Disposition: Judgment Against Defendant

Synopsis: Lakecious Edwards, a service representative for AT&T (f/k/a Southwestern Bell Telephone), was awarded over \$400,000 by a jury that found race was a motivating factor in the company's repeated failure to promote her. The jury also found that the company created a hostile work environment and retaliated against Edwards when she complained.

Do-Not-Call Violation

Date: 07/09/2004 (Date of Consent Decree)

Misconduct Type: Consumer Affairs

Enforcement Agency: FCC

Contracting Party: None

Court Type: Administrative

Amount: \$490,000

Disposition: Fine

Synopsis: The Federal Communications Commission fined AT&T Corp. for allegedly phoning customers who had asked not to be called again. The FCC claimed AT&T repeatedly solicited 29 consumers on 78 separate occasions over a period of 12 months after they had asked AT&T telemarketers not to call, a violation of a longstanding FCC rule that requires telemarketers to honor company-specific no-call lists. The fine was ultimately reduced to \$490,000 (from \$780,000) after the company disputed several of the complaints. AT&T admitted no wrongdoing as part of the settlement.

Fair Credit Reporting Act Violation

Date: 09/09/2004 (Date of Consent Decree)

Misconduct Type: Consumer Affairs

Enforcement Agency: FTC

Contracting Party: None

Court Type: Civil

Amount: \$365,000

Disposition: Settlement

Synopsis: Sprint Corporation and AT&T Corp. paid \$1.125 million and \$365,000, respectively, to settle Federal Trade Commission charges that they failed to notify certain applicants for telephone service of their rights, in violation of the Fair Credit Reporting Act (FCRA). The FTC charged that both AT&T and Sprint placed conditions or restrictions on consumers' service, without disclosing information required by the FCRA.

False Claims Involving the E-Rate Program

Date: 02/13/2009 (Date of Announcement)

Misconduct Type: Consumer Affairs

Enforcement Agency: FCC

Contracting Party: None

Court Type: Civil

Amount: \$8,266,414

Disposition: Settlement

Synopsis: AT&T Technical Services Corp. (AT&T-TSCO) paid over \$8.2 million as part of a civil settlement relating to allegations that the company violated the False Claims Act in connection with the Federal Communication Commission's E-Rate program, which uses funds collected from customers to provide Internet service to needy schools and libraries. AT&T-TSCO was alleged to have engaged in non-competitive bidding practices for E-Rate contracts, claimed and received E-rate funds for goods and services that were ineligible under the program, overbilled the E-Rate program for services provided, and facilitated a payment or profit to the applicant from E-Rate funds.

Religious Discrimination

Date: 10/19/2007 (Date of Verdict)

Misconduct Type: Labor

Enforcement Agency: EEOC

Contracting Party: None

Court Type: Civil

Amount: \$756,000

Disposition: Judgment Against Defendant

Synopsis: Glenn Owen and Jose Gonzalez, two AT&T employees who are Jehovah's Witnesses, alleged AT&T denied them a "reasonable accommodation" of their religious beliefs when it fired them after they attended a Jehovah's Witness convention. The jury found AT&T had discriminated against them in violation of Title VII of the Civil Rights Act of 1964 and awarded them \$756,000 in damages. The judge also ordered AT&T to reinstate both men.