Exhibit WRE-7

From: Lundy, Todd

Sent: Monday, August 27, 2012 9:25 AM

To: 'scott@swierlaw.com'

Cc: Karen Cremer

Subject: RE: NAT AMERICAN TELECOM, LLC -- RESPONSIVE EMAIL

Mr. Swier:

In response to NAT's message of August 8, it's our view that an in-person meeting is not necessary and is otherwise an unneeded expense. We believe the parties should be able to negotiate settlement terms through email or, if more efficient, a phone call to address a specific issue.

Qwest is negotiating the resolution of only the certification docket before the South Dakota Commission that is also currently on appeal to South Dakota state court. We are not including in these settlement discussions issues regarding any invoices that NAT has or will send to Qwest for delivery of calls to free service calling companies, and Qwest reserves all rights, claims, and defenses to any and all invoices and for all such calls. For example, Qwest reserves all rights and defenses granted by the FCC in its orders defining the requisite elements to a tariffed switched access service and the necessity for a compliant "end user." See, Farmers II, and Northern Valley.

Thus, as we stated before, Qwest is not willing to consider, let alone agree to, any payments for calls to free service calling companies to resolve the South Dakota Commission certification issue.

The crux of our position to resolve the certification issue, and the conditions that should attach to any such certification, is to be able to establish direct trunked transport (DTT) from Qwest's point of presence to the office where the conferencing equipment is located benchmarked to the rates that Qwest as an ILEC otherwise would charge to an IXC. And that, apart from the DTT, the rates for delivery to the free service calling companies must be benchmarked to the price cap carrier termination rate for the elements provided, which is .001974, subject to decreases under the Connect America order.

I hope we can communicate better regarding the rates that would be charged by NAT for DTT from Qwest's point of presence to NAT's offices. This is the centerpiece of any resolution to the certification docket. References to tariffs can be ambiguous and unclear. What we need is an itemized list of charges to get the calls

from Qwest's point of presence to the conferencing equipment.

It is my understanding that the closest Qwest point of presence is SXFLSDCO, and that it is another 17.58 miles to get to the Mid State end office in Ft Thompson, but we still don't have sufficient information of the distance and charges from the Mid State office in Ft. Thompson to the NAT location. Would Qwest have to pay NAT the DTT tariff rate it has filed for the 17.58 miles from Qwest's point of presence to the Mid State location, and then what if any would be the charge from the Mid State location to the NAT end office?

You quote the rate of \$.006327 per minute. Does this include DTT or not? If DTT is not purchased by Qwest, is the \$.006327 per minute rate a composite, total rate that would be charged by NAT for transport and termination? If DTT is not purchased by Qwest, what will be the other charges from either NAT or other carriers for delivery of traffic from Qwest's point of presence to NAT's central office?

Again, an itemization of charges from Qwest's point of presence through to the conferencing equipment would be best.

In the interest of attempting to make progress in our discussions, I'll refrain from responding to the adversarial comments contained in the message. Rather, the exchange of information as requested above would be far more productive to advance our settlement discussions. It would also be helpful if any position you perceive from Sprint is not automatically associated with CenturyLink; CenturyLink has been quite focused in its litigation of the South Dakota certification matter.

Thank you.

Todd Lundy CenturyLink Law Department 1801 California, #1000 Denver, CO 80202

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Email: todd.lundy@qwest.com

From: <u>scott@swierlaw.com</u> [mailto:scott@swierlaw.com]

Sent: Wednesday, August 22, 2012 1:41 PM

To: Lundy, Todd **Cc:** Karen Cremer

Subject: RE: NAT AMERICAN TELECOM, LLC -- RESPONSIVE EMAIL

Todd:

I forwarded NAT's responses to CenturyLink's inquiries on August 8, 2012, wherein NAT expressed its desire to resolve differences with CenturyLink. I have not heard back from you regarding whether CenturyLink wants to engage in discussions. If CenturyLink is still interested, then please provide me with some proposed dates and venues.

Also, does CenturyLink maintain a belief that NAT's current tariff violates the FCC Rules or the Federal Communications Act? If so, please explain CenturyLink's objections so that NAT may have a meaningful discussion with CenturyLink on this topic.

NAT remains committed to working with CenturyLink to resolve differences.

I look forward to your response.

Thank you.

Scott

Scott R. Swier



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

Subject: NAT AMERICAN TELECOM, LLC -- RESPONSIVE EMAIL

From: <<u>scott@swierlaw.com</u>>

Date: Wed, August 08, 2012 8:00 am

To: "Todd Lundy" < Todd.Lundy@CenturyLink.com > Cc: "Karen Cremer" < karen.cremer@state.sd.us >

Todd:

Below please find Jeff Holoubek's (NAT's acting president) response to your recent email.

For sake of clarity, please note that NAT's comments are designated in red. Your previous email is designated in black.

Mr. Lundy,

I would like to begin by addressing your sincerity. If you have a sincere desire to resolve our dispute, then I am willing to provide all of the time and resources necessary to achieve this result. I am even willing to meet with you face-to-face so that we might hammer out the issues and clear up any doubts that you may have regarding Native American

Telecom's (NAT) business model and practices.

If you are indeed sincere, then perhaps you and I can meet. We can sift through the meaningful documents that will show that NAT has always acted legally, and has always tried to comply with the ever-changing regulatory landscape. Your characterization of NAT as a "schemer" and as a company looking to skirt the law is simply not true, and I have the information to prove that it is not true. A meeting will give you a chance to prove to me that Centurylink is interested in a resolution, and is not simply using old arguments as an excuse not to pay for service, because I do not know of a single location where Centurylink is paying for access to deliver conferencing traffic, except perhaps at Teleport Communications Group, or MCI, or perhaps other large carriers that receive access payments for conferencing traffic but are too large for Centurylink to use its market power and leverage to refuse payment.

Scott, thank you for your client's letter of May 15, 2012. We have a couple of responses, and a few questions.

First, your letter says that interconnection or offering of direct trunked transport is dependent upon CenturyLink's payment of past invoices for traffic delivered to free service calling companies and that is the subject of dispute.

Centurylink should at least pay for the portion of the service that it DOES NOT dispute. Other carriers have started to do this. If your issue is with the transport costs, then CenturyLink should pay the other tariff elements while we work on an interconnection solution for CenturyLink and until we resolve the disputed past charges and current transport costs.

CenturyLink disputes those charges for several reasons, most notably of which is that those charges do not comply with NAT's tariff and FCC rulings regarding the proper charging for terminating switched access.

I believe that NAT's charges do comply with NAT's tariff and FCC rulings regarding the proper charging for terminating switched access. I am open to your suggestions however. If you believe that NAT is acting in error, then please sit down with me and explain why you believe this to be true. I can assure you that NAT has gone to great lengths and expense to hire the proper consultants to draft our tariffs and advise us. In fact, we use TMI, a premier industry consulting company that works with both IXCs and LECs. For example, TMI helps Teoco, a company that CenturyLink (or Qwest) uses for billing and industry analysis. You might know TMI because its representatives moderate various panels at all of the major telecom conferences, including Comptel. They work very closely with the FCC and USAC.

Those charges are also part of a scheme that the FCC has characterized as "arbitrage" and as an "abuse" by the Iowa Board under similar circumstances;

NAT charges \$.006327 per minute (probably 2000% less than companies involved in Farmers). NAT's tariff rate applies equally to both interstate and intrastate traffic (although NAT is not billing for intrastate traffic until it has a Certificate of Authority from the SDPUC). This tariff was filed last August 2011, well before the FCC published its November USF/ICC Reform Order. In other words, NAT filed a tariff with rates that are lower than the FCC's mandate, and this tariff was filed at least four months before NAT was required

to do so. NAT charges its customers for service (unlike in Farmers). NAT pays USF fees on the money it collects (unlike in Farmers). So you see, NAT operates much differently than the companies involved in the Iowa Farmers case.

and CenturyLink will not be subjected to pressure to pay invalid invoices in order to receive interconnection to which it is entitled under the law, as ruled by the FCC in the PrairieWave case.

The facts and circumstances with NAT are different from the PrairieWave case.

Our creditworthiness is very strong; we simply will not pay for illegal charges.

NAT would never expect CenturyLink to pay for illegal charges. Let's be clear about that. But what about the charges that are unquestionably legal? Is CenturyLink willing to pay these charges? So far, the answer has been no. Creditworthiness is a subjective measure. CenturyLink may have great credit with AT&T because it pays AT&T. CenturyLink has abysmal creditworthiness with NAT because CenturyLink has never even attempted to pay a single charge, and has never reached out to NAT (until now) seeking resolution of disputes. The real issue is: Does CenturyLink want to resolve the dispute and is CenturyLink willing to pay any portion of past due charges (provided NAT establishes that it has treated its customers as true "end-users" in accordance with the Farmers test), and is CenturyLink willing to pay for service going forward? CenturyLink, thus far, has done nothing to show that it is willing to pay anyone anywhere for any service that involves "access stimulation traffic" even though the FCC has established a protocol for the treatment of access stimulation traffic. In this regard, CenturyLink does not have credit with any LEC that handles conferencing traffic, except of course with the large IXCs that are not hostage to CenturyLink's market leverage.

A few questions have arisen from your letter. As a threshold matter, where is the equipment of free service calling companies located, today and in the future?

The equipment is in Fort Thompson, on the Crow Creek Sioux Reservation. This has always been our response. You should come out and take a look and put your mind at ease, or you can visit the website and view some of the photographs.

Is it in the Ft Thompson central office? If not, where? It would be very helpful if you would provide the call paths, by geographic location, for interstate and intrastate calls from an IXC's point of presence to wherever it is ultimately delivered.

We already supplied you with very detailed call path information. Let me know if you need it again.

Next, you reference that connectivity to the NAT office would be through Midstate's facilities, which are located near NAT's. What are the rates and charges for delivery of traffic from Midstate's office to NAT's?

This charge should be detailed in our tariff, as all elements are itemized in the tariff. The charge should not be very much for such a short distance.

Your letter also describes what appears to be NAT's current or existing network configuration. Would it be different if NAT received certification from the South Dakota

Commission?

Certification from the SDPUC allows NAT to expand service beyond the Crow Creek Reservation's borders. Right now, CenturyLink has to come to Fort Thompson to interconnect. This might change if NAT has the authority to expand its service area.

Of course, the bottom line to CenturyLink is, if NAT is certificated, what are all the charges that will be invoiced by NAT or other carriers for delivery of traffic from CenturyLink's point of presence to the equipment of the free service calling companies? All information you have in this regard would be appreciated.

If I understand your question, I believe that the rate is the tariff rate of \$.006327 per minute for both interstate and intrastate traffic.

I believe that I have answered all of your questions Mr. Lundy. I have but one question for you...what can NAT do to convince CenturyLink to pay for service? I have grown cynical, and I am skeptical that there is anything that NAT can do to convince CenturyLink to pay for service, because CenturyLink is holding on to its argument that all access stimulation traffic is illegal and any company that accepts this traffic is operating a scam, even though the FCC has established "bright line rules" for the treatment of access stimulation traffic. CenturyLink and Sprint may continue to press the argument that NAT is operating "an illegal traffic pumping scam", but I think that you must know by now that this is not true.

Let's examine NAT's history. NAT first applied for a Certificate of Authority from the SDPUC in 2008. NAT withdrew that application after various intervenors got involved and began creating obstacles for NAT that were designed to cost NAT a tremendous amount of money. NAT was a start-up company that did not have resources to pay big legal bills, so NAT decided to only serve the Crow Creek Sioux Reservation under the authority of the Tribal Utility Commission. The thought was that NAT could expand its service, and reapply with the SDPUC at a later time.

NAT's first tariff rate was approximately \$.05 per minute (NAT matched the NECA rate), even though NAT was able to charge a much higher rate (around \$.09 per minute) under the then-current access rules. NAT made a deliberate decision to charge the lower NECA rate because NAT thought that the lower rate was fairer given that the traffic volume would be higher. NAT was not trying to "gouge" the IXCs. Sprint complained and brought a lawsuit, and NAT responded by offering Sprint a rate of \$.01 per minute, but Sprint did not want to pay anything at all. Sprint instead brought actions on multiple fronts designed to cost NAT a lot of money and drive it out of business. The main argument was that NAT was charging too high a rate for service in a rural area (subject to rural rate exemption pricing), even though NAT was NOT taking advantage of the rural exemption high rate.

In an effort to find "common ground" and resolve the high rate argument, NAT changed its tariff to a "high volume access tariff". This tariff was tiered and adjusted down from \$.05 to \$.014 to \$.005 and lower depending upon the volume of traffic that NAT processed. IXCs still refused to pay. Then, after discussions with the FCC (NAT's attempt to find out what it was doing wrong and why no IXCs would pay), NAT lowered its rate to that of the RBOC in South Dakota (August 23, 2011). In other words, NAT copied CenturyLink's (Qwest's) tariff. However, the non-payment persists (at least by some).

Following the FCC's November Order, NAT refiled its tariff. However, NAT did this because it was mandated by the Order. NAT had already adjusted its tariff rates to a level that is

lower than the rate mandated by the FCC. In fact, I believe that NAT's access rates are the lowest in the entire state of South Dakota, even though Crow Creek is among the most remote and rural areas.

NAT's tariff breaks out the various elemental charges. NAT has agreed to interconnect with CenturyLink, but facilities are limited. Facilities can be expanded, but at a cost. As of today, NAT has capacity at its Fort Thompson hut.

More Background: I am acting president of NAT. One day, a Native American on the Crow Creek Reservation will be president. But for now, it is my job. I am also the Director of Legal and Finance for Free Conferencing Corporation. I treat that relationship completely separate from my relationship with Free Conferencing Corporation. I am acting president because I have a business and legal background and NAT simply does not have the extra money to hire someone to navigate the challenging legal and business obstacles created by the IXCs, including CenturyLink.

NAT was more or less the brain child of Gene DeJordy and Tom Reiman. Gene and Tom have a telecommunications background, had worked with the Crow Creek Tribe in the past, and had a pre-existing relationship established with the Tribe. They knew that the Tribe had very little telephone access and almost no broadband access. In fact, there was almost no economic activity on the Reservation, Gene and Tom approached Free Conferencing Corporation and asked if it would dedicate some of its traffic to NAT. Free Conferencing Corporation does business in both rural and metro locations all over the world, having upwards of 20,000,000 users each month. Free Conferencing Corporation is always looking for new markets to expand into, and Crow Creek presented a very compelling story. The tariff rate was higher than some where Free Conferencing Corporation was doing business, and the ability to help Native Americans in one of the most economically disadvantaged places in America was very compelling. So Free Conferencing Corporation went to Crow Creek because of both business and altruistic reasons. After the fight ensued between NAT and the IXCs, Free Conferencing Corporation did not want to bail out on its commitment to NAT and the residents of Crow Creek. For the first time in 150 years, Crow Creek was experiencing economic growth, job growth, and had telephone and internet access, as well as a learning center due to NAT (This is a paraphrase from Peter Lengkeek from Crow Creek. He is a Tribal elder and respected decorated United States Marine veteran.). It has been too hard for Free Conferencing Corporation to turn its back on those people.

In the beginning, Gene and Tom were managing the start-up enterprise, and financially speaking NAT was progressing quite well. However, IXCs that were paying its bills stopped paying after Sprint started its lawsuit. There was no extra money available to pay accountants and manage the enterprise, so Free Conferencing Corporation agreed to allow the use of some of its resources to help keep NAT afloat. Therefore, Free Conferencing Corporation has allowed the use of some of its resources to manage NAT until the payment and legal issues are resolved and qualified replacements can be substituted in. NAT accounts for the use of these resources.

Free Conferencing Corporation receives 75% of the revenues for the traffic that comes from the Free Conferencing Corporation service only. Free Conferencing Corporation does not receive a percentage of any other revenue. This number has been exploited by Sprint and CenturyLink, saying that NAT is really just a Free Conferencing Corporation "front". However, this accusation is simply not true. First, Free Conferencing Corporation pays all of the costs to generate the traffic and support the conferencing service. Free Conferencing Corporation has upwards of 70+ employees, huge marketing expenses, huge legal expenses, huge research and development expenses, a corporate headquarters, etc. In other words, it costs a lot of money to obtain and retain customers and to provide a premier service. NAT bears none of these expenses and has no risk. The argument has been made that Free Conferencing Corporation takes all of the money from NAT. This is

simply not true - AND, NAT would be very profitable if IXCs like Sprint and CenturyLink simply paid their bills. Second, the percentage split is very fair, and Free Conferencing Corporation receives an even greater percentage split in other locations where it does business with large national LECS.

Almost all, if not all, IXCs receive a payment, or a revenue split, or quid pro quo on conferencing traffic. Examples: Verizon receives access revenue on its conferencing traffic that it sends through MCI. ATT receives access revenue on its conferencing traffic that it directs to its wholly-owned subsidiary Teleport Communications Group, CenturyLink has a relationship where it generates conferencing traffic for Intercall, and Sprint has a relationship with Premier Global. NAT should be able to receive access revenue for the conferencing traffic that it hosts. The large IXCs pay each other, but they do not want to pay smaller competitors. The IXCs like to make the argument that Free Conferencing Corporation offers a service for free to the customer at the expense of the IXCs, but this is not true either. The only difference between Free Conferencing Corporation and the IXCs is that Free Conferencing Corporation does not charge an up-front organizer fee, which as you know can be very expensive (\$.53 per minute per participant for some services). And, these calls ALSO generate access revenues for the IXCs in addition to the organizer costs. Their service is far more expensive for the consumer. This is a billion dollar a year business for the IXCs and that is why they are trying to drive competitors out of business...and succeeding. And so I say again, I am skeptical about CenturyLink's sincerity to find a resolution to its dispute with NAT because the business argument for fighting and refusing to pay for service seems too strong. Please prove me wrong. I am very open-minded and solution oriented. What do you suggest?

Sincerely, Jeff Holoubek 949-842-4478

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