

February 22, 2024

Brandon L. Camden, President
ZiTEL LLC
1123 Celebration Ave STE 103
Moneta, VA 24121

Via Email

Dear Mr. Camden:

We have reviewed ZiTEL's responses to NCDIT's previous questions and the documentation submitted to our office in support of your reimbursement requests for the following projects:

1. Grant Agreement: 2000066869 – Caswell County
2. Grant Agreement: 2000066874 –Transylvania County
3. Grant Agreement: 2000066397 –Northampton County

This letter is intended to follow up regarding additional information NCDIT requires to validate ZiTEL's responses and the information submitted to our office to date for the above-referenced projects. As you know, ZiTEL's entitlement to reimbursement is subject to the company's satisfaction of NCDIT's reporting and information requirements, including but not limited to providing documentation adequate to support requests for reimbursement. This also includes providing information from and about subcontractors engaged by the grantee. To the extent necessary, NCDIT's monitoring obligations include the discretion to seek progress reports, site visits, financial reviews, and/or audits. ZiTEL agreed that it would cooperate with NCDIT's monitoring and reporting requirements, and that it would further ensure the cooperation of all subrecipients as well.

Please note that our review of the information submitted by ZiTEL with regard to these projects is ongoing, and the requests in this letter are not necessarily an exhaustive list. NCDIT reserves the right to submit additional requests to comply with its monitoring obligations as to these projects. Furthermore, and for avoidance of doubt, NCDIT reserves the right to make additional requests with regard to other Grant Agreements to which ZiTEL is a party but has not yet submitted requests for reimbursement. Subject to and without waiver of NCDIT's right to make additional requests as to these and other projects, please respond to the first three requests below within ten (10) business days of the date of this letter, and provide the fourth set of requested documentation, as indicated, within five (5) business days of the date of this letter. **Please remit the requested documentation to me via email at george.collier@nc.gov.**

First, as you know, governing law requires every grantee to submit a conflict of interest policy that "shall address situations in which any of [the grantee's management employees and members of its board or other governing body] may directly or indirectly benefit, except as the grantee's employees or members of its board or other governing body, from the grantee's disbursing of State funds, and shall include actions to be taken by the grantee or the individual, or both, to avoid conflicts of interest and the appearance of impropriety." N.C. Gen. Stat. § 143C-6-23. As we noted before, ZiTEL's conflict of interest policy submitted to NCDIT (which we are required to collect before we can reimburse any

grantee), states that ZITEL's management is required to disclose and document any conflict of interest and abstain from any decision or influence in selecting the vendor. In light of that policy and applicable law governing conflicts of interest, NCDIT has raised several questions regarding the fact that ZITEL and SGNG appear to have both common ownership and common management, and those concerns remain largely unaddressed to date, raising serious questions about whether ZITEL is in compliance with its own conflict of interest policy, its Grant Agreements, and/or applicable law. NCDIT needs the following information to address these concerns.

In your prior response, you stated that someone named Paul Clark, not you, is the CEO of SGNG, and that you own only 49%, rather than 100% of SGNG. In contrast, our preliminary investigation indicates that you are still listed in multiple public filings as the sole owner and member of both ZITEL and SGNG. For example, in ZITEL's CLEC application with the North Carolina Utilities Commission, filed September 8, 2023, you stated: "Applicant and Strategic Global Networking Group LLC are affiliated by way of common ownership, wherein Brandon Lee Camden is the sole member and exclusive owner of both entities." Similarly, in your recent response to our office, you stated that there is no overlap between any of the two entities' directors, officers or employees, and that someone named Rodney Gray, not you, reviewed, approved, and selected SGNG as a vendor for both materials and engineering and will be responsible for coordinating, among other things, materials procurement and delivery. Again, our preliminary research indicates that Rodney Gray is held out publicly as the COO of both ZITEL and SGNG, and ZITEL's conflicts policy identifies him as an owner of ZITEL as well. Given these inconsistencies, we need clear documentation to explain any overlap in ownership, management, and operation of ZITEL and SGNG, including: (i) documents evidencing a change in ownership of SGNG between September 8, 2023 and today, including a copy of any signed contract(s) memorializing a transfer of any portion of your interests to another person or entity and identification of all current owners of SGNG (including the owners of any entities that own an interest in SGNG); (ii) documents identifying all directors, officers, employees, and contractors of both ZITEL and SGNG on September 8, 2023 and today; and (iii) a current resume and contact information for Paul Clark.

Second, we continue to have questions about SGNG, its agreement(s), if any, with ZITEL for these projects, and how it came to be selected as a subcontractor on these projects. Our preliminary research suggests that SGNG is not licensed to do business in North Carolina, and while you have provided us with a Florida address for the company, we see no evidence that it is registered there either. Accordingly, we need documentation that substantiates what facilities SGNG occupies and where it is registered to do business. In addition, in response to our request for a copy of ZITEL's contract or agreement with SGNG for the engineering services submitted to NCDIT for reimbursement, you responded that "[e]ngineering services were paid based on results in arrears, not contracted." We need to better understand what this means, and the terms, if any, governing the relationship between ZITEL and SGNG on these projects. In addition, we need to see documentation of any competing bids solicited by ZITEL for the work performed by or materials supplied by SGNG, as well as identification of companies other than ZITEL to which SGNG has supplied materials or engineering work similar to that required for these projects. Even though your prior response indicates that you intend to use a different subcontractor for engineering services going forward, we still require this information to validate the reimbursement requests submitted to date that include work purportedly done by SGNG. In addition, we need a copy of the subcontract agreement between ZITEL and the newly chosen EPC company referenced in your February 5 email.

Third, we continue to have questions about the supporting invoices submitted in connection with ZITEL's requests for reimbursement. Please describe in detail how pricing was determined for engineering services and state what engineering software and other systems were used for engineering. Please also provide engineering schematics and other design documents delivered for the three projects

listed above. In this regard, the invoices submitted include several line items for engineering referencing .pdf deliverables, and we need to see those .pdf deliverables to validate the engineering work done.

Fourth, pursuant to Section 2.4(e) or 2.3(e) of the Grant Agreements, please also provide, within five (5) business days, account statements showing that the cash match for each of ZITEL's grants has been deposited into a separate account not used for any other purpose. The relevant section of the Grant Agreements states the following: "At all times during the term of this Agreement, Grantee is required to deposit and maintain its portion of the Cash Match, minus any authorized expenditures for progress made on the Project, in a separate and distinct financial account that cannot be utilized for any other purposes, including other GREAT projects awarded to the Grantee. The Grantee must produce documentation verifying account and fund segregation within five (5) business days of request by NCDIT."

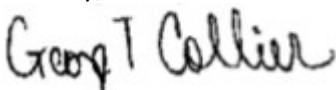
Pending NCDIT's review and validation of the reimbursement requests submitted to date, ZITEL should not expend any additional funds for which it intends to seek reimbursement towards the following projects, absent prior written approval from our office:

Grant Agreement #	Project Title
2000066397	Northampton County
2000066869	Caswell County
2000066870	Graham County
2000066871	Halifax County
2000066872	Person County
2000066873	Surry County
2000066874	Transylvania County
2000070340	Warren County

NCDIT must review the documentation requested in this letter prior to approving any reimbursement requests submitted by ZITEL. Reporting deadlines in the Grant Agreements are on hold and will not be enforced until this matter is resolved. Failure to provide the requested documentation would be a failure to comply with your obligations under the Grant Agreements, applicable federal and state law, and program guidance, and would constitute a default by ZITEL. Such a default could result in additional monitoring and reporting requirements, denial of requested reimbursements, or even termination of the Grant Agreements, with all associated remedies, including recovery by the agency of grant funds determined to have been improperly spent.

We look forward to receiving ZITEL's further responses. In the meantime, this letter does not waive or in any way limit NCDIT's rights, claims, or remedies with respect to the Grant Agreements.

Sincerely,



George T. Collier, Deputy Director
Broadband Infrastructure Office
Division of Broadband and Digital Equity
NC Department of Information Technology