

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

IN RE:)	Chapter 11
)	
VARTEC TELECOM, INC., et al.,)	
)	Case No. 04-81694-HDH
Debtors.)	Jointly Administered

**RESPONSE BY TENNESSEE DEPARTMENT OF REVENUE
TO DEBTORS' CLAIMS OBJECTION NUMBER 7 - OBJECTION TO CERTAIN TAX
CLAIM (SUBSTANTIVE OBJECTIONS)**

COMES NOW the Office of the Tennessee Attorney General, through undersigned counsel, on behalf of the Tennessee Department of Revenue ("TDOR"), and respectfully responds to the Debtors' Objection to the TDOR's claim.

IN SUPPORT THEREOF, it would be shown as follows:

1. On or about March 11, 2005, the TDOR filed a proof of claim in the amount of \$3,755,911.10.

2. This claim arose from unpaid franchise & excise and TV/TC tax liability. The franchise & excise tax liability is based upon computer generated estimates due to the Debtors' failure to file certain tax returns. The TV/TC tax liability is based upon an audit conducted by TDOR.

3. The TDOR concedes that the Debtors' liability to the TDOR has been reduced. Accordingly, the TDOR has mailed, via overnight mail, an amended claim to BMC Group, the Debtors' claims agent.

WHEREFORE, the TDOR requests an order of this Court

1. Overruling Debtors' Objection to the TDOR's Claim pending the filing of the TDOR's amended claim; and

2. Granting such other relief as the Court deems necessary to protect the interests of the TDOR.

Dated this 13th day of December, 2005.

Respectfully Submitted,

PAUL G. SUMMERS
Attorney General & Reporter

/s/ Michael B. Willey
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On behalf of the Tenn. Dept. of Revenue

CERTIFICATE OF SERVICE

I do hereby certify that a true and exact copy of the foregoing Response was duly served via facsimile and via UPS Second Day Mail, with proper postage affixed, addressed to the persons listed below on December 13, 2005.

/s/ Michael B. Willey
Michael B. Willey

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