

## Amer MetroComm Asks To Abandon Cisco Gear It Calls Faulty

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WASHINGTON (Dow Jones)--American MetroComm Corp., in the latest salvo in an ongoing battle with Cisco Systems Inc. ([CSCO](#), [news](#), [msgs](#)), is asking for bankruptcy court authorization to abandon most of the gear it purchased from the telecommunications and network equipment maker.

The closely held competitive local exchange carrier says in a recent court filing that it attempted to use the Cisco equipment in its initial network deployment plan, but it didn't perform at an acceptable level.

"The failure of the Cisco equipment to perform properly not only substantially delayed and hindered the (company's) deployment efforts, it ultimately threatened their very existence," American MetroComm says in a recent filing with the U.S. Bankruptcy Court in Wilmington, Del.

New Orleans-based American MetroComm, or AMC, says it told Cisco in January that it wouldn't make any further payments for the equipment until Cisco remedied the equipment problems, which it says Cisco was unable to do.

AMC has been embroiled in a lawsuit with Cisco, which sued AMC for refusing to pay for the phone and data switching equipment ordered last year through a Cisco reseller. AMC says the Cisco equipment, which had an original purchase price of around \$47.8 million, hasn't and cannot be deployed into its network.

AMC alleges that the Cisco telecom equipment "causes echoing on the line, lost clocking synchronization, low ring voltage, failure of auto redundant switching, failure to revert back to external clocking, failure of diagnostic testing to identify serious technical problems, failure of troubleshooting alarm to function properly, failure of the communication cards between the MGX and BPX to function properly, failure to assure that (American MetroComm's) network met regulatory requirements of 99.999% operability, and failure to provide 911 emergency capability."

AMC says it wants to retain some of the equipment it purchased from Cisco to use as evidence in its ongoing lawsuit with the company.

The company purchased the Cisco equipment in 1999 through a \$62.5 million loan provided by Cisco. Cisco perfected liens on the equipment in March 1999.

AMC, which filed for Chapter 11 protection on Aug. 23, is asking the bankruptcy court to modify the Bankruptcy Code's automatic stay provisions to allow Cisco to foreclose on the equipment.

The company says it has replaced substantially all of the Cisco equipment with products made by Lucent Technologies Inc. ([LU](#), [news](#), [msgs](#)), which along with Cisco is among American MetroComm's largest unsecured creditors with a \$26 million claim.

In September, Cisco filed a motion with the bankruptcy court asking that a trustee or examiner be appointed in AMC's Chapter 11 bankruptcy case.

Cisco said it's clear the competitive local exchange carrier has no hope for successful reorganization.

The bankruptcy court is scheduled to hold a hearing on Cisco's motion for the appointment of a trustee or examiner on Wednesday afternoon.

Cisco added that the allegedly aberrant behavior of AMC Chief Executive Michael F. Henry prevents the company from dealing with key equity holders and creditors essential to a successful reorganization or orderly liquidation.

Recently, the U.S. Trustee for the District of Delaware responded to Cisco's motion and stated its concern for allegations made in the motion. U.S. Trustee Patricia Staiano reserved her right to support or oppose Cisco's request and said she would leave Cisco and AMC to prove their respective cases.

AMC and a group of its shareholders also filed a response to Cisco's request, but the documents weren't immediately available.

AMC is the holding company for AMC Communications, which competes with BellSouth Corp. ([BLS](#), [news](#), [msgs](#)) to offer telephone service to businesses in Louisiana and the Mississippi Gulf Coast using digital subscriber line, or DSL, technology and unbundled network elements on the "last mile" connection to provide local and long-distance telephone service.

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