

**Before the
Federal Communications Commission
Washington, DC 20554**

In the Matter of)	File No.: EB-IHD-13-00011204 ¹
)	
MATRIX TELECOM, INC.)	Acct. No.: 201432080032
)	
)	FRN: 0004333068

ORDER

Adopted: June 4, 2014

Released: June 4, 2014

By the Acting Chief, Enforcement Bureau:

1. In this Order and Consent Decree, we settle allegations that Matrix Telecom, Inc. (Matrix or Company) violated federal laws by failing to complete long-distance calls to rural areas on a just, reasonable, and non-discriminatory basis. These laws operate to ensure that long-distance calls to rural destinations, whether business or residential in nature, are completed as dialed, without undue delay, and with all attendant information (e.g., Caller ID) intact, just as such calls are completed to non-rural areas of the nation. In this case, the Commission's Rural Call Completion Task Force received and investigated information that the Company failed to ensure adequate long-distance call completion to rural areas for its retail and wholesale customers. For purposes of the settlement, Matrix will pay \$875,000 to resolve the allegations and implement a three-year compliance plan.

2. In this Order, we adopt the Consent Decree entered into between the Enforcement Bureau (Bureau) and Matrix. The Consent Decree resolves and terminates the Bureau's investigation into whether Matrix violated Sections 201(b) and 202(a) of the Communications Act of 1934, as amended (Act),² with respect to its call completion practices to rural areas, including its use and oversight of intermediate providers (entities used by Matrix to route calls to specified destinations) for call completion purposes.

3. A copy of the Consent Decree negotiated by the Bureau and Matrix is attached to this Order and is incorporated herein by reference.

4. In the absence of material new evidence relating to this matter, we conclude that our investigation raises no substantial or material questions of fact as to whether the Company possesses the basic qualifications, including those related to character, to hold or obtain any Commission license or authorization.

5. After reviewing the terms of the Consent Decree and evaluating the facts before us, we find that the public interest will be served by adopting the Consent Decree and terminating the investigation.

¹ This investigation was initiated under File No. EB-13-IH-0282 and subsequently assigned File No. EB-IHD-13-00011204.

² See 47 U.S.C. §§ 201(b), 202(a); see also *Developing an Unified Inter-carrier Compensation Regime*, Declaratory Ruling, 27 FCC Rcd 1351 (Wireline Comp. Bur. 2012) (*Rural Call Completion Declaratory Ruling*).

6. Accordingly, **IT IS ORDERED** that, pursuant to Sections 4(i), 4(j), and 503(b) of the Act,³ and Sections 0.111 and 0.311 of the Rules,⁴ the Consent Decree attached to this Order **IS ADOPTED**.

7. **IT IS FURTHER ORDERED** that the above-captioned investigation **IS TERMINATED**.

8. **IT IS FURTHER ORDERED** that a copy of this Order and Consent Decree shall be sent by both First Class U.S. Mail and Certified Mail to Bob Beaty, CEO, Matrix Telecom, Inc., 433 E. Las Colinas Boulevard, Irving, Texas 75039.

FEDERAL COMMUNICATIONS COMMISSION

Travis LeBlanc
Acting Chief, Enforcement Bureau

³ See 47 U.S.C. §§ 154(i), 154(j), 503(b).

⁴ See 47 C.F.R. §§ 0.111, 0.311.

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MATRIX TELECOM, INC.)	Acct. No.: 201432080032
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CONSENT DECREE

1. The Enforcement Bureau (Bureau) of the Federal Communications Commission and Matrix Telecom, Inc. (Matrix or Company), by their authorized representatives, hereby enter into this Consent Decree for the purpose of terminating the Bureau's investigation into possible violations of Sections 201(b) and 202(a) of the Communications Act of 1934, as amended (Act),² with respect to Matrix's call completion practices to rural areas, including its use and oversight of Intermediate Providers.

I. DEFINITIONS

2. For the purposes of this Consent Decree, the following definitions shall apply:
- (a) "Act" means the Communications Act of 1934, as amended, 47 U.S.C. § 151 *et seq.*
 - (b) "Adopting Order" means an order of the Bureau adopting the terms of this Consent Decree without change, addition, deletion, or modification.
 - (c) "Bureau" means the Enforcement Bureau of the Federal Communications Commission.
 - (d) "Commission" and "FCC" mean the Federal Communications Commission and all of its bureaus and offices.
 - (e) "Communications Laws" means collectively, the Act, the Rules, and the published and promulgated orders and decisions of the Commission to which the Company is subject by virtue of its business activities.
 - (f) "Compliance Plan" means the compliance obligations, program, and procedures described in this Consent Decree at paragraph 17.
 - (g) "Covered Employees" means all employees and agents of the Company who supervise, oversee, or manage the performance of, duties that relate to the Company's responsibilities under this Consent Decree, Sections 201(b) and 202(a) of the Act, as interpreted in the *Rural Call Completion Declaratory Ruling*, and the rules adopted in the *Rural Call Completion Order*.³

¹ This investigation was initiated under File No. EB-13-IH-0282 and subsequently assigned File No. EB-IHD-13-00011204.

² See 47 U.S.C. §§ 201(b), 202(a); see also *Developing an Unified Inter-carrier Compensation Regime*, Declaratory Ruling, 27 FCC Rcd 1351 (Wireline Comp. Bur. 2012) (*Rural Call Completion Declaratory Ruling*).

³ *Rural Call Completion*, Report and Order and Further Notice of Proposed Rulemaking, 28 FCC Rcd 16154 (2013) (*Rural Call Completion Order*).

- (h) “Effective Date” means the date on which the Bureau releases the Adopting Order.
- (i) “Intermediate Provider” has the meaning provided in Section 64.1600(f) of the Rules,⁴ but excludes a tandem provider to which the terminating carrier subtends or a carrier to which the terminating carrier requires an indirectly interconnecting carrier to deliver traffic.
- (j) “Investigation” means the investigation commenced by the Bureau’s March 21, 2013 Letter of Inquiry (LOI)⁵ regarding Matrix’s possible violations of Sections 201(b) and 202(a) of the Act.
- (k) “Matrix” or “Company” means Matrix Telecom, Inc., including all of its subsidiaries, affiliates, predecessors-in-interest, and successors-in-interest.
- (l) “Operating Procedures” means the standard, internal operating procedures and compliance policies established by the Company to implement the Compliance Plan.
- (m) “Parties” means Matrix and the Bureau, each of which is a “Party.”
- (n) “Rules” means the Commission’s regulations found in Title 47 of the Code of Federal Regulations.

II. BACKGROUND

3. Section 201(b) of the Act provides, “[a]ll charges, practices, classifications, and regulations for and in connection with [interstate and foreign] communication service, shall be just and reasonable, and any such charge, practice, classification, or regulation that is unjust or unreasonable is hereby declared to be unlawful.”⁶ Section 202(a) states, “[i]t shall be unlawful for any common carrier to make any unjust or unreasonable discrimination in charges, practices, classifications, regulations, facilities, or services for or in connection with like communication service, directly or indirectly, by any means or device, . . . or to subject any particular person, class of persons, or locality to any undue or unreasonable prejudice or disadvantage.”⁷

4. The Commission has emphasized that “it is vital that our Nation maintains a communications network that offers reliable and resilient service.”⁸ The Commission has also recognized that “permitting blocking or the refusal to deliver voice telephone traffic, whether as a means of ‘self-help’ to address perceived unreasonable intercarrier compensation charges or otherwise, risks ‘degradation of the country’s telecommunications network.’”⁹ To prevent that result, the Commission has

⁴ 47 C.F.R. § 64.1600(f).

⁵ Letter from Theresa Cavanaugh, Chief, Investigations & Hearings Division, FCC Enforcement Bureau, to Jerry Ou, President and CEO, Matrix Telecom, Inc. (Mar. 21, 2013) (on file in EB-IHD-13-00011204).

⁶ 47 U.S.C. § 201(b).

⁷ *Id.* § 202(a).

⁸ *Reliability and Continuity of Communications Networks, Including Broadband Technologies*, Notice of Inquiry, 26 FCC Rcd 5614, 5616, para. 5 (2011); *see also Establishing Just and Reasonable Rates for Local Exchange Carriers*, Declaratory Ruling and Order, 22 FCC Rcd 11629, para. 1 (Wireline Comp. Bur. 2007) (explaining that “the ubiquity and reliability of the nation’s telecommunications network is of paramount importance to the explicit goals of the Communications Act”) (*Call Blocking Declaratory Ruling*).

⁹ *Connect America Fund*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, 18029, para. 973 (2011), *pets. for review pending sub nom. In re: FCC 11-161*, No. 11-9900 (10th Cir. filed Dec. 2011) (quoting *Access Charge Reform*, Seventh Report and Order and Further Notice of Proposed Rulemaking, 16 FCC Rcd 9923, 9933, para. 24 (2001)) (footnotes omitted).

consistently held that telecommunications carriers, including interexchange carriers, generally may not “block, choke, reduce or restrict traffic in any way.”¹⁰

5. In June 2011, a coalition of trade associations representing rural rate-of-return incumbent local exchange carriers (LECs) sent a letter to the Bureau concerning “a nationwide and industry-wide epidemic” of calls to rural LEC service areas failing to complete or having poor call quality.¹¹ In September 2011, the Commission announced that it had created a Rural Call Completion Task Force “to investigate and address the growing problem of calls to rural customers that are being delayed or that fail to connect.”¹²

6. On February 6, 2012, the Commission’s Wireline Competition Bureau (WCB) clarified in the *Rural Call Completion Declaratory Ruling* that “it is an unjust and unreasonable practice in violation of section 201 of the Act for a carrier that knows or should know that it is providing degraded service to certain areas to fail to correct the problem or to fail to ensure that intermediate providers, least-cost routers, or other entities acting for or employed by the carrier are performing adequately.”¹³ Thus, for example, “if carriers continue to hand off calls to agents, intermediate providers, or others that a carrier knows are not completing a reasonable percentage of calls or are otherwise restricting traffic . . . , that is an unjust or unreasonable practice prohibited by section 201 of the Act.”¹⁴ WCB further clarified that “adopting or perpetuating routing practices that result in lower quality service to rural or high-cost localities than like service to urban or lower cost localities (including other lower cost rural areas) may, in the absence of a persuasive explanation, constitute unjust or unreasonable discrimination in practices, facilities, or services and violate section 202 of the Act.”¹⁵

7. Matrix offers retail telecommunications services to retail and business customers throughout the United States, and it offers wholesale service to other service providers, including long-distance providers. Calls delivered to Matrix by its wholesale customers account for a substantial majority of the interstate long-distance traffic carried by the Company.

8. The Bureau initiated an investigation of Matrix (and companies Matrix had acquired, including Excel Telecommunications and Vartec Telecom) based on allegations and information concerning the Company’s performance in completing long-distance calls to rural areas. The Bureau represents that this material included allegations and information from consumers and from rural carriers, responses by long-distance providers to complaints served by the Commission’s Rural Call Completion Task Force, and performance data from carriers that used Matrix as an Intermediate Provider.¹⁶ On

¹⁰ *Id.* at 17903, para. 734 (quoting *Call Blocking Declaratory Ruling*, 22 FCC Rcd at 11631, para. 6). The Commission has permitted call blocking “only under rare and limited circumstances.” See *Call Blocking Declaratory Ruling*, 22 FCC Rcd at 11631, para. 6 n.20.

¹¹ Letter from Michael Romano, National Telecommunications Cooperative Association, *et al.*, to Theresa Z. Cavanaugh, Acting Chief, Investigations & Hearings Division, FCC Enforcement Bureau, and Margaret Dailey, Attorney Advisor, Investigations & Hearings Division, FCC Enforcement Bureau at 3 (June 13, 2011).

¹² *FCC Launches Rural Call Completion Task Force to Address Call Routing and Termination Problems in Rural America*, News Release, 2011 WL 4454097 (Sept. 26, 2011), available at <http://www.fcc.gov/document/fcc-launches-rural-call-completion-task-force-sets-oct-18-workshop>. The Task Force conducted a workshop on rural call completion issues on October 18, 2011. See <http://www.fcc.gov/events/rural-call-completion-workshop>.

¹³ See *Rural Call Completion Declaratory Ruling*, 27 FCC Rcd at 1355–56, para. 12 (footnote omitted).

¹⁴ *Id.*

¹⁵ *Id.* at 1357–58, para. 14.

¹⁶ The Bureau forwarded one consumer inquiry regarding rural call completion to the Company, and the Company responded to that inquiry. See Letter from James Lister, Birch Horton Bittner & Cherot, to Marlene Dortch,

(continued....)

March 21, 2013, the Bureau issued an LOI to Matrix seeking information about its performance, and the performance of its Intermediate Providers, in completing long-distance calls.¹⁷

9. Pursuant to an agreement with the Bureau,¹⁸ on May 20, 2013, Matrix submitted narrative responses to most of the questions in the LOI and produced relevant documents.¹⁹ On June 20, 2013, Matrix responded to the remaining questions in the LOI and produced call answer data for specified one week samples covering six months between 2012 and 2013.²⁰ Matrix provided multiple supplemental responses to the LOI and additional material from July through November 2013, and it cooperated fully with the Investigation.²¹

10. In the months immediately following its receipt of the LOI, Matrix significantly reduced the number of Intermediate Providers it used to deliver long-distance calls to rural areas. As a result of those routing changes, Matrix's call completion performance to rural areas substantially improved. Also, after it received the LOI, Matrix made significant investments to upgrade its network and related operations to improve rural call completion performance.

11. On November 8, 2013, the Commission released the *Rural Call Completion Order*, which adopted rules requiring covered providers to record, retain, and report to the Commission call answer rates for long-distance calls.²² The Commission found that "rural call completion problems are serious and widespread,"²³ and that "[t]hese failures have significant and immediate public interest ramifications, causing rural businesses to lose customers, cutting families off from their relatives in rural areas, and creating potential for dangerous delays in public safety communications in rural areas."²⁴ The new rules require "covered providers"²⁵ to record and retain detailed information about long-distance calls

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Secretary, FCC (filed May 20, 2013 in EB-IHD-13-00011204). The Bureau did not share other allegations and information with Matrix due to confidentiality concerns.

¹⁷ See *supra* n.5.

¹⁸ E-mail from Theodore Marcus, Attorney Advisor, Investigations & Hearings Division, FCC Enforcement Bureau, to Aurora Ares, Assistant General Counsel, Matrix Telecom, Inc. (Mar. 29, 2013, 13:34 EDT) (on file in EB-IHD-13-00011204).

¹⁹ See Letter from James Lister, Birch Horton Bittner & Cherot, to Marlene Dortch, Secretary, FCC (filed May 20, 2013 in EB-IHD-13-00011204).

²⁰ See Letter from James Lister, Birch Horton Bittner & Cherot, to Marlene Dortch, Secretary, FCC (filed June 20, 2013 in EB-IHD-13-00011204).

²¹ See Letter from James Lister, Birch Horton Bittner & Cherot, to Marlene Dortch, Secretary, FCC (filed July 11, 2013 in EB-IHD-13-00011204); James Lister, Birch Horton Bittner & Cherot, to Marlene Dortch, Secretary, FCC (filed Aug. 8, 2013 in EB-IHD-13-00011204); James Lister, Birch Horton Bittner & Cherot, to Marlene Dortch, Secretary, FCC (filed Aug. 30, 2013 in EB-IHD-13-00011204); James Lister, Birch Horton Bittner & Cherot, to Marlene Dortch, Secretary, FCC (filed Sept. 10, 2013 in EB-IHD-13-00011204); James Lister, Birch Horton Bittner & Cherot, to Marlene Dortch, Secretary, FCC (filed Sept. 20, 2013 in EB-IHD-13-00011204); James Lister, Birch Horton Bittner & Cherot, to Marlene Dortch, Secretary, FCC (filed Nov. 1, 2013 in EB-IHD-13-00011204).

²² See *Rural Call Completion Order*, 28 FCC Rcd at 16211–14, Appendix A.

²³ *Id.* at 16161, para. 14.

²⁴ *Id.* at 16155, para. 1.

²⁵ "Covered provider" means a "provider of long-distance voice service that makes the initial long-distance call path choice for more than 100,000 domestic retail subscriber lines." *Id.* at 16165, 16211, para. 20, Appendix A § 64.2101(c).

to customers of incumbent rural LECs,²⁶ as identified by Operating Company Numbers (OCNs).²⁷ The rules also require covered providers to report to the Commission, on a quarterly basis, answer rates for long-distance calls delivered to each rural OCN and answer rates for long-distance calls delivered to non-rural OCNs in the aggregate.²⁸ The information collections required by the *Rural Call Completion Order* will go into effect after the Office of Management and Budget approves the information collections and the Commission publishes a notice in the Federal Register announcing their effective date(s).²⁹

III. TERMS OF AGREEMENT

12. **Adopting Order.** The Parties agree that the provisions of this Consent Decree shall be subject to final approval by the Bureau by incorporation of such provisions by reference in the Adopting Order.

13. **Jurisdiction.** The Company agrees that the Bureau has jurisdiction over it and the matters contained in this Consent Decree and that the Bureau has the authority to enter into and adopt this Consent Decree.

14. **Effective Date; Violations.** The Parties agree that this Consent Decree shall become effective on the Effective Date as defined herein. As of the Effective Date, the Adopting Order and this Consent Decree shall have the same force and effect as any other order of the Commission. Any violation of the Adopting Order or of the terms of this Consent Decree shall constitute a separate violation of a Commission order, entitling the Commission to exercise any rights and remedies attendant to the enforcement of a Commission order.

15. **Termination of Investigation.** In express reliance on the covenants and representations in this Consent Decree and to avoid further expenditure of public resources, the Bureau agrees to terminate the Investigation. In consideration for the termination of the Investigation, the Company agrees to the terms, conditions, and procedures contained herein. The Bureau further agrees that, in the absence of new material evidence, the Bureau will not use the facts developed in the Investigation through the Effective Date, or the existence of this Consent Decree, to institute on its own motion any new proceeding, formal or informal, or take any action on its own motion against the Company concerning the matters that were the subject of the Investigation. The Bureau also agrees that, in the absence of new material evidence it will not use the facts developed in the Investigation through the Effective Date, or the existence of this Consent Decree, to institute on its own motion any proceeding, formal or informal, or take any action on its own motion against the Company with respect to the Company's basic qualifications, including its character qualifications, to be a Commission licensee or hold Commission licenses or authorizations.

²⁶ The Commission concluded that "the only call attempts that need to be retained are those to incumbent LECs that are rural telephone companies" because "rural call completion problems are largely confined to such carriers." *Id.* at 16177-78, para. 49; *see also* 47 U.S.C. § 153(44).

²⁷ An OCN is an alphanumeric code that uniquely identifies providers of local telecommunications service. *See* Alliance for Telecom. Industry Solutions, *ATIS Telecom Glossary*, available at <http://www.atis.org/glossary/definition.aspx?id=8448> (last visited May 13, 2014). The Commission ordered the National Exchange Carrier Association, Inc. (NECA), which maintains lists of incumbent LEC OCNs, to update those lists annually. *See Rural Call Completion Order*, 28 FCC Rcd at 16187-88, para. 73. A list of incumbent rural LEC OCNs is available at <http://www.neca.org/WorkArea/linkit.aspx?LinkIdentifier=id&ItemID=8874&libID=8894> (last visited May 13, 2014).

²⁸ *Rural Call Completion Order*, 28 FCC Rcd at 16184, para. 65.

²⁹ *Id.* at 16207, para. 131.

16. **Compliance Officer.** Within thirty (30) calendar days after the Effective Date, the Company shall designate a senior corporate manager with the requisite corporate and organizational authority to serve as a Compliance Officer and to discharge the duties set forth below. The person designated as the Compliance Officer shall be responsible for developing, implementing, and administering the Compliance Plan and ensuring the Company's compliance with the terms and conditions of the Compliance Plan and this Consent Decree. In addition to the general knowledge of the Communications Laws necessary to discharge his/her duties under this Consent Decree, the Compliance Officer shall have specific knowledge of Sections 201(b) and 202(a) of the Act, as interpreted in the *Rural Call Completion Declaratory Ruling*, and the rules adopted in the *Rural Call Completion Order* prior to assuming his/her duties.

17. **Compliance Plan.** For purposes of settling the matters set forth herein, the Company agrees that it shall, within sixty (60) calendar days after the Effective Date, develop and implement a Compliance Plan designed to ensure future compliance with Sections 201(b) and 202(a) of the Act, as interpreted in the *Rural Call Completion Declaratory Ruling*, with the rules adopted in the *Rural Call Completion Order*,³⁰ and with the terms and conditions of this Consent Decree. With respect to Sections 201(b) and 202(a) of the Act, as interpreted in the *Rural Call Completion Declaratory Ruling*, and the rules adopted in the *Rural Call Completion Order*, the Company shall implement the following procedures:

- (a) **Operating Procedures.** Within sixty (60) calendar days after the Effective Date, the Company shall establish Operating Procedures that all Covered Employees shall follow to help ensure the Company's compliance with Sections 201(b) and 202(a) of the Act, as interpreted in the *Rural Call Completion Declaratory Ruling*, and with the rules adopted in the *Rural Call Completion Order*. The Company's Operating Procedures shall include internal procedures and policies specifically designed to ensure the Company's compliance with Sections 201(b) and 202(a) of the Act, as interpreted in the *Rural Call Completion Declaratory Ruling*, and the rules adopted in the *Rural Call Completion Order*. The Company shall also develop a Compliance Checklist that describes the steps that a Covered Employee must follow to ensure compliance with Sections 201(b) and 202(a) of the Act, as interpreted in the *Rural Call Completion Declaratory Ruling*, and the rules adopted in the *Rural Call Completion Order*.
- (b) **Compliance Manual.** Within sixty (60) calendar days after the Effective Date, the Compliance Officer shall develop and distribute a Compliance Manual to all Covered Employees, all of whom shall follow the procedures detailed in the Compliance Manual. Distribution of the Compliance Manual by e-mail or an e-mail link to an internal intranet site shall be deemed to comply with the distribution requirement in this paragraph. The Compliance Manual shall explain Sections 201(b) and 202(a) of the Act, as interpreted in the *Rural Call Completion Declaratory Ruling*, and the rules adopted in the *Rural Call Completion Order*, and set forth the Operating Procedures that Covered Employees shall follow to help ensure the Company's compliance with Sections 201(b) and 202(a) of the Act, as interpreted in the *Rural Call Completion Declaratory Ruling*, and the rules adopted in the *Rural Call Completion Order*. At least once annually, the Company shall review and revise the Compliance Manual as necessary to ensure that the information set forth therein remains current and accurate. The Company shall distribute any revisions to the Compliance Manual promptly to Covered Employees. The Compliance Manual shall require Covered Employees to contact the Company's Compliance Officer and, if

³⁰ The Company shall have no obligation to comply with the information collections required by the *Rural Call Completion Order* until they become effective. See *supra* n.29 and accompanying text.

appropriate, regulatory legal counsel with any questions or concerns that arise with respect to the Company's obligations under Sections 201(b) and 202(a) of the Act, as interpreted in the *Rural Call Completion Declaratory Ruling*, and the rules adopted in the *Rural Call Completion Order*.

- (c) **Compliance Training Program.** The Company shall establish and implement a Compliance Training Program on compliance with Sections 201(b) and 202(a) of the Act, as interpreted in the *Rural Call Completion Declaratory Ruling*, the rules adopted in the *Rural Call Completion Order*, and the Operating Procedures. As part of the Compliance Training Program, Covered Employees shall be advised of the Company's obligation to report any noncompliance with the rules adopted in the *Rural Call Completion Order* under paragraph 18 of this Consent Decree and shall be instructed on how to disclose noncompliance to the Compliance Officer. All Covered Employees shall be trained pursuant to the Compliance Training Program within ninety (90) calendar days after the Effective Date. Any person who becomes a Covered Employee at any time thereafter shall be trained within thirty (30) calendar days after the date such person becomes a Covered Employee. The Company shall repeat the compliance training on an annual basis. At least once annually, the Company shall review and revise the Compliance Training Program as necessary to ensure that it remains current and complete and to enhance its effectiveness.
- (d) **Compliance With the Rural Call Completion Order.** Matrix agrees that while this Consent Decree is in effect, the Company shall be treated as a "covered provider" for purposes of the rules adopted in the *Rural Call Completion Order*, regardless of whether the Company makes the initial long-distance call path choice for more than 100,000 domestic retail subscriber lines.
- (e) **Testing.** The Company will cooperate with the FCC and with rural LECs to undertake commercially reasonable steps to establish test points and uniform test criteria to evaluate rural call completion when complaints, or data collected in accordance with the *Rural Call Completion Order*, indicate potential rural call completion problems.
- (f) **Resolution of Call Completion Problems.** The Company will notify any Intermediate Provider it has reason to believe is causing call completion problems, and it will work cooperatively with each such Intermediate Provider to analyze and resolve such problems as soon as practicable. If complaints, testing, or data collected in accordance with the *Rural Call Completion Order* show that an Intermediate Provider has sustained inadequate performance on a particular route, as reasonably determined by the Company, the Company will cease using the Intermediate Provider on that route, provided that other Intermediate Providers offer commercially reasonable options for reaching that location.

18. **Reporting Noncompliance.** The Company shall report any noncompliance with the rules adopted in the *Rural Call Completion Order* or with the terms and conditions of this Consent Decree within fifteen (15) calendar days after the Compliance Officer or any Covered Employee becomes aware of the matter (whether from a report from an employee or otherwise). Such reports shall include a detailed explanation of (i) each instance of noncompliance; (ii) the steps that the Company has taken or will take to remedy such noncompliance; (iii) the schedule on which such remedial actions will be taken; and (iv) the steps that the Company has taken or will take to prevent the recurrence of any such noncompliance. All reports of noncompliance shall be submitted to the Chief, Investigations & Hearings Division, Enforcement Bureau, Federal Communications Commission, Room 4-C330, 445 12th Street, SW, Washington, DC 20554, with copies submitted electronically to Theresa Z. Cavanaugh at Terry.Cavanaugh@fcc.gov and Theodore C. Marcus at Theodore.Marcus@fcc.gov.

19. **Compliance Reports.** The Company shall file Compliance Reports with the Commission ninety (90) calendar days after the Effective Date, twelve (12) months after the Effective Date, twenty-four (24) months after the Effective Date, and thirty-six (36) months after the Effective Date.
- (a) Each Compliance Report shall include a detailed description of the Company's efforts during the relevant period to comply with the terms and conditions of this Consent Decree, with Sections 201(b) and 202(a) of the Act, as interpreted in the *Rural Call Completion Declaratory Ruling*, and with the rules adopted in the *Rural Call Completion Order*. In addition, each Compliance Report shall include a certification by the Compliance Officer, as an agent of and on behalf of the Company, stating that the Compliance Officer has personal knowledge that the Company (i) has established and implemented the Compliance Plan; (ii) has utilized the Operating Procedures since the implementation of the Compliance Plan; and (iii) is not aware of any instances of noncompliance with the terms and conditions of this Consent Decree, including the reporting obligations set forth in paragraph 18 of this Consent Decree.
 - (b) The Compliance Officer's certification shall be accompanied by a statement explaining the basis for such certification and shall comply with Section 1.16 of the Rules and be subscribed to as true under penalty of perjury in substantially the form set forth therein.³¹
 - (c) If the Compliance Officer cannot provide the requisite certification, the Compliance Officer, as an agent of and on behalf of the Company, shall provide the Commission with a detailed explanation of the reason(s) why and describe fully (i) each instance of noncompliance; (ii) the steps that the Company has taken or will take to remedy such noncompliance, including the schedule on which proposed remedial actions will be taken; and (iii) the steps that the Company has taken or will take to prevent the recurrence of any such noncompliance, including the schedule on which such preventive action will be taken.
 - (d) All Compliance Reports shall be submitted to the Chief, Investigations & Hearings Division, Enforcement Bureau, Federal Communications Commission, Room 4-C330, 445 12th Street, SW, Washington, DC 20554, with copies submitted electronically to Theresa Z. Cavanaugh at Terry.Cavanaugh@fcc.gov and Theodore C. Marcus at Theodore.Marcus@fcc.gov.

³¹ See 47 C.F.R. § 1.16.

20. **Termination Date.** Unless stated otherwise, the requirements set forth in paragraphs 16 through 19 of this Consent Decree shall expire thirty-six (36) months after the Effective Date.

21. **Section 208 Complaints: Subsequent Investigations.** Nothing in this Consent Decree shall prevent the Commission or its delegated authority from adjudicating complaints filed pursuant to Section 208 of the Act³² against the Company or its affiliates for alleged violations of the Act, or for any other type of alleged misconduct, regardless of when such misconduct took place. The Commission's adjudication of any such complaint will be based solely on the record developed in that proceeding. Except as expressly provided in this Consent Decree, this Consent Decree shall not prevent the Commission from investigating new evidence of noncompliance by the Company with the Communications Laws.

22. **Voluntary Contribution.** The Company agrees that it will make a voluntary contribution to the United States Treasury in the amount of eight hundred seventy-five thousand dollars (\$875,000) (Voluntary Contribution). Such Voluntary Contribution shall be made in seven installments (each an Installment Payment) in the amount of one hundred twenty-five thousand dollars (\$125,000.00) apiece. The first Installment Payment is due on June 16, 2014. Thereafter, Installment Payments are due and payable on the following dates: January 5, 2015, July 1, 2015, January 4, 2016, July 1, 2016, January 6, 2017 and a final Installment Payment on July 3, 2017 (Maturity Date). Matrix acknowledges and agrees that upon execution of this Consent Decree, the Voluntary Contribution and each Installment Payment shall become a "Claim" or "Debt" as defined in 31 U.S.C. § 3701(b)(1).³³ Upon an Event of Default (as defined below), all procedures for collection as permitted by law may, at the Commission's discretion, be initiated. In addition, Matrix agrees that it will make the first and all subsequent Installment Payments in United States Dollars without further demand or notice by the dates specified above. Matrix shall also send electronic notification of payment to Theresa Z. Cavanaugh at Terry.Cavanaugh@fcc.gov and Theodore C. Marcus at Theodore.Marcus@fcc.gov on the date each Installment Payment is made.

23. Installment Payments must be made by check or similar instrument, wire transfer, or credit card, and must include the Account Number and FRN referenced in the caption to the Adopting Order. Regardless of the form of payment, a completed FCC Form 159 (Remittance Advice) must be submitted.³⁴ When completing the FCC Form 159, enter the Account Number in block number 23A (call sign/other ID) and enter the letters "FORF" in block number 24A (payment type code). Below are additional instructions you should follow based on the form of payment you select:

- Payment by check or money order must be made payable to the order of the Federal Communications Commission. Such payments (along with the completed Form 159) must be mailed to Federal Communications Commission, P.O. Box 979088, St. Louis, MO 63197-9000, or sent via overnight mail to U.S. Bank – Government Lockbox #979088, SL-MO-C2-GL, 1005 Convention Plaza, St. Louis, MO 63101.
- Payment by wire transfer must be made to ABA Number 021030004, receiving bank TREAS/NYC, and Account Number 27000001. To complete the wire transfer and ensure appropriate crediting of the wired funds, a completed Form 159 must be faxed to U.S. Bank at (314) 418-4232 on the same business day the wire transfer is initiated.
- Payment by credit card must be made by providing the required credit card information on FCC Form 159 and signing and dating the Form 159 to authorize the credit card payment.

³² 47 U.S.C. § 208.

³³ See Debt Collection Improvement Act of 1996, Pub. L. No. 104-134, 110 Stat. 1321, 1358 (Apr. 26, 1996).

³⁴ An FCC Form 159 and detailed instructions for completing the form may be obtained at <http://www.fcc.gov/Forms/Form159/159.pdf>.

The completed Form 159 must then be mailed to Federal Communications Commission, P.O. Box 979088, St. Louis, MO 63197-9000, or sent via overnight mail to U.S. Bank – Government Lockbox #979088, SL-MO-C2-GL, 1005 Convention Plaza, St. Louis, MO 63101.

Questions regarding payment procedure should be addressed to the Financial Operations Group Help Desk by phone, 1-877-480-3201, or by e-mail, ARINQUIRIES@fcc.gov.

24. **Event of Default.** Matrix agrees that an Event of Default shall occur upon the failure by the Company to pay the full amount of any Installment Payment on or before the due dates specified in paragraph 22 of this Consent Decree.

25. **Interest, Charges for Collection, and Acceleration of Maturity Date.** After an Event of Default has occurred under this Consent Decree, the then unpaid amount of the Voluntary Contribution shall accrue interest, computed using the U.S. Prime Rate in effect on the date of the Event of Default plus 4.75 percent, from the date of the Event of Default until payment in full. Upon an Event of Default, the then unpaid amount of the Voluntary Contribution, together with interest, as aforesaid, any penalties permitted and/or required by the law, including but not limited to 31 U.S.C. § 3717 and administrative charge(s), plus the costs of collection, litigation, and attorneys' fees, shall become immediately due and payable, without notice, presentment, demand, protest, or notice of protest of any kind, all of which are waived by Matrix.

26. **Waivers.** The Company waives any and all rights it may have to seek administrative or judicial reconsideration, review, appeal, or stay, or to otherwise challenge or contest the validity of this Consent Decree and the Adopting Order, provided the Bureau issues the Adopting Order as defined in this Consent Decree. The Company shall retain the right to challenge Commission interpretation of the Consent Decree or any terms contained herein. If either Party (or the United States on behalf of the Commission) brings a judicial action to enforce the terms of the Adopting Order, neither the Company nor the Commission shall contest the validity of the Consent Decree or the Adopting Order, and the Company shall waive any statutory right to a trial *de novo*. The Company hereby agrees to waive any claims it may otherwise have under the Equal Access to Justice Act³⁵ relating to the matters addressed in this Consent Decree.

27. **Invalidity.** In the event that this Consent Decree in its entirety is rendered invalid by any court of competent jurisdiction, it shall become null and void and may not be used in any manner in any legal proceeding.

28. **Subsequent Rule or Order.** The Parties agree that if any provision of the Consent Decree conflicts with any subsequent rule or order adopted by the Commission (except an order specifically intended to revise the terms of this Consent Decree to which the Company does not expressly consent) that provision will be superseded by such Commission rule or order.

29. **Successors and Assigns.** The Company agrees that the provisions of this Consent Decree shall be binding on its successors, assigns, and transferees.

30. **Final Settlement.** The Parties agree and acknowledge that this Consent Decree shall constitute a final settlement between the Parties with respect to the Investigation. The Parties further agree that this Consent Decree does not constitute and shall not be construed as either an adjudication on the merits or a factual or legal finding or determination regarding any compliance or noncompliance with the requirements of the Communications Laws. The Parties also agree that this Consent Decree does not

³⁵ See 5 U.S.C. § 504; 47 C.F.R. Part 1, Subpart K.

constitute an admission of liability by the Company or a concession by the Commission that its Investigation was not well-founded.

31. **Modifications.** This Consent Decree cannot be modified without the advance written consent of both Parties.

32. **Paragraph Headings.** The headings of the paragraphs in this Consent Decree are inserted for convenience only and are not intended to affect the meaning or interpretation of this Consent Decree.

33. **Authorized Representative.** Each Party represents and warrants to the other Parties that it has full power and authority to enter into this Consent Decree. Each person signing this Consent Decree on behalf of a Party hereby represents that he or she is fully authorized by the Party to execute this Consent Decree and to bind the Party to its terms and conditions.

34. **Counterparts.** This Consent Decree may be signed in counterparts and may be delivered by facsimile or electronic delivery. Each counterpart, when executed and delivered, shall be an original, and all of the counterparts together shall constitute one and the same fully executed instrument.

Travis LeBlanc
Acting Chief
Enforcement Bureau

Date

Bob Beaty
President & CEO
Matrix Telecom, Inc.

Date