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For Immediate Release**FCC PLANS \$21 MILLION FINE FOR WIRE FRAUD AND OVERBILLING
THE RURAL HEALTH CARE PROGRAM*****Company Apparently Falsified Documents, Violated Contracting Rules, Provided Gifts to Influence Contract Awarding, and Used Other Companies' Proprietary Information***

WASHINGTON, November 4, 2016 – The Federal Communications Commission today announced that it plans to fine Network Services Solutions and its chief executive \$21,691,499 for apparent violations involving the Universal Service Fund Rural Health Care Program. The company is charged with violating the program's competitive bidding rules, using forged and false documents to seek funding from the program, and violating the federal wire fraud statute. In addition, the Commission expects to order the company to refund \$3.5 million in improper payments that the company has received through the program, which provides discounts for telecommunications services to rural health care providers to help pay for modern telecommunications services. This is the agency's first enforcement action involving the RHC Program, and the first time the Commission has proposed a fine for wire fraud in connection with a Universal Service Fund Program.

"Forgery, bribery, bid rigging, and fraud are absolutely unacceptable in any federal program," said FCC's Enforcement Bureau Chief Travis LeBlanc. "Today, the Commission calls on Network Services Solutions and its CEO to account for any misuse of federal funds in this vital program that assists rural communities with access to critical services for health care."

The Rural Health Care Program provides funding to eligible health care providers for telecommunications and broadband services. The program seeks to improve the quality of health care available to patients in rural communities by ensuring that eligible providers have access to telecommunications and broadband services. The program requires a fair and open competitive bidding process for contracts to be awarded and for rural health care applicants to receive the requested service in the most cost-effective method. Under the program, service providers receive Universal Service Fund payments that are calculated as the difference between the higher rural rate for telecommunications services and the lower urban rate provided for similar services in the closest city with a population of 50,000 or more.

The Enforcement Bureau's Universal Service Fund Strike Force conducted the investigation of Network Services Solutions, a Reno, Nevada-based reseller of telecommunications services, and its chief executive, Scott Madison. The alleged violations at issue here occurred throughout the country, but were concentrated in the southeastern United States. The Commission today alleges that the company violated the federal wire fraud statute and the Commission's rules by engaging in systematic and egregious misconduct, including:

- Using forged urban rate documents purportedly from Comcast and other false urban rate documents to increase Universal Service Fund payments in support of rural health care connectivity;
- Using information contained in forged urban rate documents to cause the Universal Service Administrative Company (USAC) to make improper payments to the company via interstate wire;
- Reaching contractual agreements with rural health care providers during the mandatory 28-day waiting periods required by the FCC's competitive bidding rules;
- Misleading USAC by creating and using documents in response to a USAC inquiry that gave the false impression that contracts were awarded through an objective analysis of bidders;
- Giving a valuable network server to a rural health care provider to influence its decision to award a contract; and
- Receiving and improperly using its competitors' confidential and proprietary information.

A Notice of Apparent Liability (NAL) details the Commission's allegations of unlawful conduct, and proposes a monetary forfeiture for such conduct. The description of the NAL set forth herein and the apparent violations found in the NAL should be treated as allegations. Members of the public who have information related to this matter may provide it at <https://consumercomplaints.fcc.gov/>.

The Commission adopted this Notice of Apparent Liability (FCC 16-158) on November 4, 2016. By the Commission: Commissioners Pai and O'Rielly Approving in Part, Dissenting in Part and Commissioner Pai issuing a statement.

The Notice of Apparent Liability is available here: https://apps.fcc.gov/edocs_public/attachmatch/FCC-16-158A1.pdf

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