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**For Immediate Release**

**FCC ORDERS RECOVERY OF OVERPAYMENTS, PLANS TO FINE SANDWICH ISLES FOR UNIVERSAL SERVICE FUND VIOLATIONS**  
*Commission Concludes the Company Obtained Improper Reimbursements from the Universal Service Fund High-Cost Program*

WASHINGTON, December 5, 2016 – The Federal Communications Commission today voted to take multiple actions against Sandwich Isles Communications, which provides phone and broadband service to customers on Hawaiian Home Lands, for violations and apparent violations related to Universal Service Fund (USF) support. As a result, the company will be required to repay over \$27 million in improper payments of universal service support. In addition, following an investigation by the FCC’s Enforcement Bureau, the Commission has proposed more than \$49 million in fines against the company for apparent violations of rules relating to the high-cost program.

“Accounting and accountability go hand in hand,” said FCC Enforcement Bureau Chief Travis LeBlanc. “We take our duty seriously to ensure that providers submit true and accurate data to support their requests for federal funds. Any company that fails to do so will be held accountable.”

Sandwich Isles has ongoing obligations to its customers, under both the Communications Act and Commission rules, to continue to provide interstate telecommunications services and may not discontinue service without the Commission’s express authorization.

The first order issued by the FCC requires Sandwich Isles to refund \$27,270,390 in improper payments of universal service support. This order concludes that the company violated the Commission’s high-cost program rules. The USF high-cost program is designed to ensure that consumers in rural and other high-cost areas have access to modern communications networks. The order acts on the findings from a Universal Service Administrative Company investigation.

Second, following an investigation by the FCC’s Enforcement Bureau’s Universal Service Fund Strike Force, the Commission has announced a proposed fine of \$49,598,448 on Sandwich Isles, its parent company Waimana Enterprises, and its former controlling owner Albert Hee for apparent violations impacting the high-cost program. Sandwich Isles is charged with violating the Commission’s accounting rules and methods, and submitting and certifying inaccurate data used to obtain millions of dollars in improper high-cost support payments. This is the Commission’s first enforcement action in the high-cost program.

In addition, the Commission modified a previous agency ruling regarding payments made by Sandwich Isles for use of a submarine cable built and operated by its own corporate affiliate, Paniolo LLC. This order directs the National Exchange Carrier Association to no longer allow the company's inclusion of excessive expenses in its revenue requirement.

A proposed fine, formally called a Notice of Apparent Liability for Forfeiture, details the Commission's allegations of unlawful conduct and proposes a monetary forfeiture for such conduct. The description of today's action and the apparent violations are allegations, and the parties will have a chance to respond before any final action is taken. Members of the public who have information related to this matter may provide it at <https://consumercomplaints.fcc.gov/>.

The Commission adopted the Order (FCC 16-167) on December 5, 2016. Commissioners Clyburn and Pai issuing a joint statement; Commissioner O'Rielly approving in part and concurring in part.

The Commission adopted the Memorandum Opinion and Order (FCC 16-166) on December 5, 2016. Commissioner O'Rielly approving in part and concurring in part.

The Commission adopted the Notice of Apparent Liability (FCC 16-165) on December 5, 2016. Commissioner O'Rielly approving in part and concurring in part.

The Order is available here: [https://apps.fcc.gov/edocs\\_public/attachmatch/FCC-16-167A1.pdf](https://apps.fcc.gov/edocs_public/attachmatch/FCC-16-167A1.pdf)

The Memorandum Opinion and Order is available here:  
[https://apps.fcc.gov/edocs\\_public/attachmatch/FCC-16-166A1.pdf](https://apps.fcc.gov/edocs_public/attachmatch/FCC-16-166A1.pdf)

The Notice of Apparent Liability is available here:  
[https://apps.fcc.gov/edocs\\_public/attachmatch/FCC-16-165A1.pdf](https://apps.fcc.gov/edocs_public/attachmatch/FCC-16-165A1.pdf)

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*This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action. See MCI v. FCC, 515 F.2d 385 (D.C. Cir. 1974)*