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For Immediate Release**COMMISSIONER STARKS STATEMENT ON
RURAL HEALTH CARE PROGRAM SETTLEMENT**

WASHINGTON, February 5, 2020—FCC Commissioner Geoffrey Starks issued the following statement regarding the settlement released today¹ between the Federal Communications Commission and TeleQuality Communications, LLC, a provider in the Commission’s Rural Health Care program:

Congress has charged the FCC with ensuring that all Americans have access to reasonably comparable telecommunications and information services. As part of this responsibility, the Commission administers the Rural Health Care (RHC) program, which helps rural communities receive badly needed medical services through support for broadband connections and other services. Fraud of the RHC reduces the money available to help those communities and drives up providers’ broadband costs, forcing them to raise their prices or reduce service.

This case involves some of the most egregious violations of our universal service rules that I can recall. In the course of only three years, TeleQuality received over \$47 million in improper payments from the Universal Service Fund. The company obtained this money by violating virtually every rule in the book, including fabricating invoices, colluding with health care providers to obtain contracts, using incorrect rates, and charging the Fund for services that were never provided.

With a total value of \$31 million, today’s consent decree is the largest RHC program settlement in FCC history. But we should have taken stronger action. First, even this figure will not result in TeleQuality repaying the full amount of universal service support that it unlawfully obtained. Instead, the company will simply repay a portion of its ill-gotten gains. In cases of fraud on the Universal Service Fund, it is imperative that the Fund be made whole.

Second, this settlement effectively lacks any penalty. In a 2016 case involving similar fraud on the RHC program, the Commission proposed a forfeiture penalty of

¹ The consent decree is available at <https://docs.fcc.gov/public/attachments/DA-20-69A1.pdf>.

nearly \$22 million for the unlawful receipt of approximately \$3.5 million in RHC support – less than 10 percent of the \$47 million improperly received by TeleQuality.²

Finally, given the egregious nature of the misconduct here, we should have debarred TeleQuality from further participation in the RHC program. I agree with then-Commissioner Pai in his statement accompanying the 2016 decision, where he wrote that we must “turn off the spigot” in cases like this one.³ While I recognize that the company is under new ownership and management, the misconduct here is so egregious that permitting TeleQuality’s continued participation sends the wrong message to future wrongdoers.

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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).

² *Network Services Solutions et al.*, Notice of Apparent Liability for Forfeiture and Order, 31 FCC Rcd 12238 (2016) (*Network Services Solutions NAL*), order amended, 32 FCC Rcd 5169 (2017).

³ See *Network Services Solutions NAL*, 31 FCC Rcd at 12308 (“I also agree that NSS should be barred from getting any further subsidies from the Universal Service Fund. Indeed, I was distressed that the Chairman’s initial draft would have allowed NSS to continue to profit from its apparently fraudulent activities. I’m accordingly grateful to my colleagues for supporting my call to turn off the spigot.”).