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For Immediate Release**FCC FINES SANDWICH ISLES \$49,598,488 FOR DEFRAUDING
UNIVERSAL SERVICE FUND*****Company Received Over \$27 Million in Unearned Payments Due to Falsified Cost
Reporting***

WASHINGTON, September 30, 2020—The Federal Communications Commission today fined Sandwich Isles Communications, Waimana Enterprises, and Albert S.N. Hee \$49,598,488 for violations of Universal Service Fund program rules that resulted in millions of dollars in improper payments. The fine reinforces the Commission’s commitment to combat waste, fraud, and abuse in the Universal Service Fund. Sandwich Isles was the designated carrier receiving support to deploy and maintain communications networks serving Americans living on the Hawaiian Homelands through the Fund’s High-Cost program, which is designed to ensure that consumers in rural and other high-cost areas have access to modern communications networks.

Hee used his control of Sandwich Isles, Waimana, and other affiliated companies to tap corporate funds to pay for more than \$4 million in personal expenses benefitting himself and his family, including personal massages, personal travel and meals, tuition payments for Hee’s children, a vehicle and home for Hee’s children, and salaries and benefits paid to Hee’s wife and children while they did not actually perform any work for Waimana. Sandwich Isles also used Universal Service support to pay Waimana inflated rent and management fees as well as unjustified bonuses to Hee.

In 2015, Hee was convicted of criminal tax fraud and sentenced to nearly five years in federal prison. On December 5, 2016, the Commission eliminated Sandwich Isles’ ability to receive additional support from the Fund, took action to recover \$27 million in improper payments Sandwich Isles had received, and proposed a \$49,598,448 fine against Sandwich Isles, Waimana Enterprises, and Hee for its apparent violations of High-Cost program rules. The Commission found Sandwich Isles apparently liable for the following violations: (1) filing inaccurate data in its annual cost studies; (2) falsely certifying the accuracy of the data contained within the cost studies; (3) misclassifying costs relating to its cable and wire facilities; (4) overstating the costs related to the lease of abandoned water mains; and (5) failing to keep its accounts, records, and memoranda as prescribed by the Commission’s rules.

The forfeiture order released today finds that Sandwich Isles, Waimana, and Hee are jointly and severally liable for the full proposed penalty of \$49,598,448. After a thorough review of all aspects of this matter, the Commission has found no reason to cancel, withdraw, or reduce the [proposed penalty](#) of \$49,598,488 against Sandwich Isles. The Commission’s federal High-Cost universal support program allows eligible carriers that serve high-cost areas to recover

some of their costs from the Fund to help defray the costs of building and maintaining telecommunications plant to service rural and high-cost areas. Given the core importance of this program to serving America's broadband needs, the Commission has an ongoing obligation to ensure that universal service funds are used properly, and to protect the Universal Service Fund from waste, fraud, and abuse.

Action by the Commission September 30, 2020 by Forfeiture Order (FCC 20-131). Chairman Pai, Commissioners O'Rielly, Carr, Rosenworcel, and Starks approving. Chairman Pai issuing a separate statement.

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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).