**Statement of**

**chairman ajit pai**

Re: *In the Matter of Sandwich Isles Communications, Inc., Waimana Enterprises, Inc., Albert S.N. Hee*, EB-IHD-15-00019603

Over the course of nearly 15 years, Sandwich Isles Communications received millions of dollars through the Commission’s Universal Service Fund. This was taxpayer money intended to support deployment and maintenance of communications networks for the benefit of the people living in the Hawaiian Homelands. But Albert Hee—then the sole shareholder of Sandwich Isles and its parent company, Waimana Enterprises—had different ideas.

Hee was engaged in a long-running scheme to use corporate funds from Sandwich Isles, Waimana, and several other affiliated companies he controlled to pay numerous personal expenses for himself and members of his family, including more than $90,000 to his personal masseuse, family vacations to Europe and the South Pacific, his children’s college tuition, vehicles, and inflated salaries for his wife and children. In 2016, Hee was sentenced to nearly five years in federal prison in connection with this scheme. And following an investigation by USAC that uncovered Hee’s and Sandwich Isles’ misappropriation of Universal Service Fund money, the Commission barred Sandwich Isles from siphoning any more money from the Fund and sought to recover the $27 million Sandwich Isles overcharged the Fund. We also proposed to impose a forfeiture of $49.6 million on the company.

As the Commission determined in 2016, and reaffirmed last year, Sandwich Isles has no claim to a single dime of the $27 million it improperly obtained from the Fund. And this was no accounting error or honest misunderstanding of the Commission’s rules. It was a willful effort to defraud the Universal Service Fund—essentially, all taxpayers—for private gain. That’s why I am so pleased that the Commission today has imposed a forfeiture against Sandwich Isles, Waimana, and Albert Hee of $49.6 million, the maximum allowed by law for their violations of the Commission’s rules. This is one of the largest forfeitures the Commission has ever imposed, period—let alone on a participant in the Commission’s high-cost universal service program. It’s well-deserved in this case, given the repeated, willful violations involved, and it serves to reaffirm the Commission’s commitment to stamping out waste, fraud, and abuse in the Universal Service Fund.

The American people, and particularly, those living in the Hawaiian Homelands, deserve better. And thankfully, there is good news ahead. Next month, bidding will kick off in the $16 billion Rural Digital Opportunity Fund Phase I auction, and unserved parts of Sandwich Isles’ former service area will be eligible for bidding by service providers who will use taxpayer dollars to bring broadband to unserved Americans living there—not for massages, vacations, and cars.

It is impossible to say how many current and former staff throughout the agency have contributed in one way or another to the many facets of this decade-long saga, but it’s a lot and I am grateful to each one, including those that worked hard on the item we adopt today: Pam Gallant, Rosemary Harold, Meghan Ingrisano, Shannon Lipp, Mercedeh Momeni, Keith Morgan, Rakesh Patel, Raphael Sznajder, David Sobotkin, Adam Suppes, and Romanda Williams of the Enforcement Bureau; Richard Mallen, Linda Oliver, Bill Richardson, and Derek Yeo of the Office of General Counsel; and Alex Minard, Dangkhoa Nguyen, Ryan Palmer, Gilbert Smith of the Wireline Competition Bureau.