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For Immediate Release

**FCC SETTLES WITH IBM IN NEW YORK CITY AND EL PASO
E-RATE PROGRAM INVESTIGATIONS**

More than \$24 Million to Be Returned to Universal Service Fund

WASHINGTON, December 23, 2020—The Federal Communications Commission today announced a settlement with IBM for alleged violations of the FCC’s E-Rate program rules in connection with the New York City and El Paso school districts. IBM agreed to return \$24.25 million to the Universal Service Fund.

In past years, IBM provided communications services to the New York City Department of Education and the El Paso Independent School District in Texas using E-Rate subsidies. FCC investigations found that IBM had not satisfied the Commission’s competitive bidding rules in New York for Funding Years 2005-2008 and had provided ineligible equipment and services in El Paso for Funding Year 2001. E-Rate program rules require applicants to seek competitive bids from prospective service providers and to treat prices for eligible products and services as the primary factor when selecting among competing service providers. These competitive bidding and eligibility rules are in place to ensure that federal funds are used efficiently and distributed in a fair and transparent manner.

“As stewards of the federal fisc, we must protect the Universal Service Fund from waste, fraud, and abuse and ensure that funding is distributed in the most cost-effective manner,” said FCC Chairman Ajit Pai. “Today’s settlement helps promote those important goals. The favorable result we achieved today reflects the hard work and dedication of a wide range of talented career staff from across the agency, including the Wireline Competition Bureau, the Enforcement Bureau, the Office of Managing Director, and the Office of General Counsel. I would especially like to thank our General Counsel, Tom Johnson, whose hands-on efforts in negotiating the settlement led the way to this successful conclusion.”

“Today’s settlement brings to a favorable close two investigations spanning over fifteen years, pursued by multiple administrations,” said General Counsel Thomas M. Johnson, Jr. “The settlement is a victory for connectivity in our schools and libraries and furthers the Commission’s mission to protect the Universal Service Fund, which is ultimately funded by consumers.”

In addition to the \$24.25 million payment, IBM has agreed to provide training to its employees concerning the Commission’s competitive bidding and eligibility requirements prior to submitting future bids in connection with the E-Rate program.

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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).