



Federal Communications Commission  
Washington, D.C. 20554

December 30, 2021

**Sent via e-mail (ktraxler@cleocommunications.com) and U.S. Mail Certified**

Kyle Traxler  
Chief Executive Officer  
Cleo Communications  
1215 Crystal Glen Blvd, Unit E  
Findlay, OH 45840

**Re: Revocation of Authorization to Participate in the Federal Communications Commission's  
Emergency Broadband Benefit Program**

Dear Mr. Traxler:

We are writing to inform you that the Federal Communications Commission (Commission or FCC) hereby revokes the authorization of Cleo Communications (the Company or Cleo) to participate in the Emergency Broadband Benefit Program (EBB Program). For the reasons explained below, pursuant to section 4(i) of the Communications Act of 1934, as amended, 47 U.S.C. § 154(i), the Commission's Wireline Competition Bureau (the Bureau) orders Cleo to immediately cease holding itself out as a participating provider, and to cease advertising EBB-supported services and devices on its websites, in any and all other marketing materials of whatever form and in all communications with consumers.

Numerous consumer complaints filed with the Commission contend that Cleo has failed to provide connected devices or broadband service even though Cleo held itself out as a participating provider in the EBB Program.<sup>1</sup> These consumers allege in their complaints that Cleo has marketed itself as a participating provider in the EBB Program and solicited payments for connected devices purportedly subsidized by the EBB Program, but failed to deliver any such device or to provide service.<sup>2</sup> In addition, consumers claim that Cleo has not adequately responded to their complaints or inquiries, and that representatives of Cleo have threatened the consumers when they dispute charges with their financial institutions.<sup>3</sup> Through the Commission's informal consumer complaint process, Cleo was served with

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<sup>1</sup> We note that the Better Business Bureau has reported a "pattern of complaints" associated with the Company's participation in the EBB Program. See <https://www.bbb.org/us/oh/findlay/profile/internet-service/cleo-communications-0422-90209869>.

<sup>2</sup> Consumer complaint against Cleo dated July 26, 2021, alleges, "I got in contact with them, after providing proof of my eligibility I ordered a hotspot router and laptop from them at a discount for ebb. I paid for the items but never received I was told they would arrive in 10 days and now it's been a month. And after I asked where the items were that I ordered they stopped responding to my emails." (Complaint #4921623). A consumer complaint against Cleo dated August 2, 2021, alleges, "I was told to select one of the given devices as a service option, in which I chose a laptop. I purchased the laptop and I contacted the providers with my application ID and order number on July 14th. They emailed me confirming that my purchase would be processed after 72 hours and would come soon but it never came in. I've sent the company many emails regarding my issue but they stopped responding to me." (Complaint # 4937252).

<sup>3</sup> Consumer complaint against Cleo dated July 14, 2021, alleges, "They took my payment first without gather any of my information. I found this odd so I opened up a ticket with paypal. Now they are threatening me with a breach of contract regarding some terms and service that I did not sign and trying to charge me fees." (Complaint #4901740). A consumer complaint against Cleo dated August 10, 2021, alleges, " KYTY Communications DBA Cleo Communications who is a registered EBB Provider in the state of Texas currently has refused to ship my equipment to me and has made an unreasonable expectation of consumers to wait over 2 full weeks until the hardware ships out. Furthermore he is threatening me in writing now for filing a PayPal claim since he is not sending it and still is stating he is claiming the benefit and I'll never get to use it anywhere." (Complaint #4954076).

these complaints and was required to respond to both the Commission and the consumer in writing within 30 days.<sup>4</sup> Cleo has willfully failed to respond to eleven (11) of these complaints. Moreover, the responses Cleo did provide to the other complaints are inadequate; they do not address any of the allegations raised by the consumer complaints and make no attempt to explain Cleo's failures.

The allegations in the complaints pending before us are extremely troubling, all involving consumers who believed and purportedly relied upon Cleo's representations that they would receive broadband services or connected devices supported by the EBB Program. Yet Cleo has provided the Commission with only dismissive responses to those complaints in the few instances where it has responded at all.<sup>5</sup> Cleo's responses strongly suggest that Cleo has no intention of providing EBB-supported services and devices to consumers despite its obligations to do so under section 54.1604 of the Commission's rules.<sup>6</sup> Cleo has misrepresented the EBB enrollment process<sup>7</sup> and, despite holding itself out as a participating provider in the EBB Program and giving consumers the impression that they were enrolling in the EBB Program,<sup>8</sup> Cleo has not enrolled consumers, certified claims, received any EBB

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<sup>4</sup> Consumers may file a complaint through the FCC's Consumer Complaint Center, by phone, or by mail. *See* FCC, *Filing an Informal Complaint*, <https://www.fcc.gov/consumers/guides/filing-informal-complaint> (last visited Nov. 24, 2021). Once a complaint is submitted, the Consumer Inquiries and Complaints Division of the Commission's Consumer and Governmental Affairs Bureau processes the consumer complaint and then serves the complaint on the provider. *See* FCC, *Consumer Complaint Center Filing a Complaint Questions and Answers*, [https://consumercomplaints.fcc.gov/hc/en-us/articles/205082880?from=button#question\\_2](https://consumercomplaints.fcc.gov/hc/en-us/articles/205082880?from=button#question_2) (last visited Nov. 24, 2021). The provider then has 30 days to respond to the complaining consumer and to provide the Commission with a copy of that response. *Id.*

<sup>5</sup> In response to a complaint alleging the consumer ordered and paid for but never received a connected device and has not received a response from the company, Cleo responded stating, "Customer was [sic] our full contact information. Their bank issued a refund for their funds and one was granted. Customer no longer has a business relationship with Cleo." (Complaint #4901174). In response to a consumer complaint stating the consumer was threatened by Cleo for breach of contract because the consumer opened a ticket with its financial institution to obtain a refund Cleo replied, "Customer is no longer a customer. Customer was issued the terms of service and stated why we are enforcing them. Customer is providing us documents we already have. Customer wasted time informing us of our own filings." (Complaint #4901740). In response to a consumer complaint alleging consumer paid for but never received an EBB connected device or hotspot from Cleo, the company replied, "Customer is one of many we were able to track down in regards to what they claim. Cleo has been in business for over 7 years with a track record of offering services to people before the EBB even was a program. Customer again uses the words 'i'm [sic] sure' without any solid proof and keeps making their false claims." (Complaint #4911795).

<sup>6</sup> The application Cleo Communications was required to complete to obtain approval from the Commission to participate in the EBB Program includes a certification that, "The Applicant certifies and acknowledges, under penalty of perjury: That it will comply with all applicable federal and state laws, including the Americans with Disabilities Act, the Rehabilitation Act, the False Claims Act, the Anti-Kickback Statute and the Civil Monetary Penalties Law." Emergency Broadband Benefit Program Provider Approval & Alternate Eligibility Verification Application Filing Instructions, <https://us-fcc.app.box.com/v/EBBproviderinstructions>, at 19 (last visited Nov. 24, 2021).

<sup>7</sup> Response from Cleo dated August 11, 2021, explaining in response to a consumer's complaint that they were waiting nearly a month for an EBB connected device that, "Per our website: we process orders up for up [sic] to 72 business/office hours due to not having a direct link within the National Verification [sic] Website." (Complaint # 4953448). Providers are required to enroll EBB Program subscribers via the National Lifeline Accountability Database (NLAD).

<sup>8</sup> Complaint from consumer dated July 26, 2021, stating that consumer provided proof of eligibility to Cleo (Complaint #4915733); Complaint from consumer dated July 22, 2021, stating that consumer provided EBB Application ID number and information in order to receive EBB service (Complaint #4921623); Complaint from consumer dated Aug. 6, 2021, saying that, "On July 12th I provided my ebb application number and information to Kyty Cleo communications whom were listed under the internet providers on ebb page." (Complaint #4946568).

Program funding or initiated any transactions in the EBB Program systems.<sup>9</sup> The Company's behavior demonstrates a total lack of intent to provide EBB-supported services or devices in compliance with the Commission's program rules. The FCC has a longstanding policy against waste, fraud, and abuse in the support programs it oversees and has repeatedly emphasized that it will not tolerate practices that contravene that policy.<sup>10</sup>

On December 16, 2021, in light of these complaints and Cleo's foregoing responses, the Bureau sent Cleo a letter by both email and certified mail directing the Company either to voluntarily withdraw its election notice and cease participating in the EBB Program or to respond within 10 days demonstrating why its authorization to participate in the EBB Program should not be revoked and why Cleo should not be ordered to cease and desist from holding itself out as an EBB Program participating provider in light of the allegations of fraud.<sup>11</sup> Cleo has not responded. Based on its failure to respond, and the significant evidence of wrongdoing that remains unrefuted, including evidence of willful misconduct including fraud in obtaining payments from potential EBB participants without providing the services or equipment for which they paid, the Bureau revokes Cleo's authorization to participate in the EBB Program or any successor program such as the Affordable Connectivity Program (ACP) and orders Cleo Communications to cease and desist from holding itself out as a participating provider. Such actions are necessary to ensure the integrity and reliability of these programs in promoting participation by prospective program customers who rely upon the Commission's regulatory scheme. Cleo must immediately cease advertising EBB-supported services and devices on its websites, in any and all other marketing materials and in all communications with consumers, and refrain from similar activities in connection with the ACP and any other successor programs. We further direct Cleo to contact within 10 days of the date of this letter any customers who have sought to enroll in the EBB Program with Cleo and advise them that Cleo is no longer a participating provider in the EBB Program. Cleo is further directed to provide the Bureau with proof of those notifications to consumers, as well as a list of any customers that were notified. We emphasize that regardless of the removal of its status as a participating provider, Cleo may still be subject to enforcement action from the Commission, and to civil and criminal prosecution from law enforcement authorities, as a result of Cleo's actions.

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<sup>9</sup> Even to date, Cleo continues to advertise EBB-supported devices on its website at <https://164n87744149667.3dcartstores.com/>, while still failing to duly enroll customers, certify claims, or initiate transactions of any type in the EBB Program systems.

<sup>10</sup> See, e.g., *Sandwich Isles Communications, Inc., Waimana Enterprises, Inc., Albert S.N. Hee*, Forfeiture Order, File No. EB-IHD-15-00019603, 2020 WL 5905313, para. 1 (2020) ("The Commission has an ongoing obligation to protect the Fund from waste, fraud, and abuse, and to ensure that universal service support is used for its intended purposes."); *Structure and Practices of the Video Relay Service*, CG Docket No. 10-51, Declaratory Ruling, Order, and Notice of Proposed Rulemaking, 25 FCC Rcd 6012, 6019, para. 11 (2010) ("[W]e have a fiduciary duty to ensure that the [TRS Fund] operates efficiently, and to guard against waste, fraud, and abuse.").

<sup>11</sup> The December 16 letter was transmitted to Cleo by both email and certified mail to the mailing address that Cleo submitted to USAC on its election notice. The Bureau received no bounce back or undeliverable notices upon transmission of the December 16 letter by email. However, the tracking information provided by the U.S Postal Service about the letter sent to Cleo via Certified Mail indicated that the letter could not be delivered, and stated "moved, left no address." When submitting its election notice, Cleo certified that the information provided to USAC was true, accurate, and complete, but Cleo has failed to update that information through a notification to USAC explaining that it can no longer be reached at the address it provided in its election notice. As a result, the Bureau will also serve a copy of this revocation letter using an alternative address that Cleo provided to the Consumer and Governmental Affairs Bureau: 4800 Regent St Suite 200 Columbus, OH 43219.

Finally, pursuant to our rules, Cleo Communications may seek review of this action by filing an application requesting review of the Bureau's decision by the Commission.<sup>12</sup> If Cleo wishes to file an application for review of the Bureau's revocation of Cleo's authorization to participate in the EBB Program, Cleo must state the questions presented for review, the grounds on which review is warranted, the action that should be changed, and the relief sought.<sup>13</sup> The application for review must be filed within 30 days of the date of this letter.<sup>14</sup>

Any questions should be directed via e-mail to [EBBprovider@fcc.gov](mailto:EBBprovider@fcc.gov).

Sincerely,

A handwritten signature in blue ink that reads "Kris Anne Monteith". The signature is written in a cursive style and is positioned above a horizontal line.

Kris Anne Monteith  
Chief, Wireline Competition Bureau  
Federal Communications Commission

Encl: December 16, 2021 Letter to Cleo Communications

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<sup>12</sup> 47 CFR § 1.115.

<sup>13</sup> 47 CFR § 1.115(b).

<sup>14</sup> 47 CFR § 1.115(d).