

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	File No. EB-06-IH-0827
Verizon)	NAL/Acct. No. 200732080026
)	
)	FRN No. 0003257094
)	

ORDER

Adopted: June 29, 2007

Released: July 3, 2007

By the Commission:

1. In this Order, we adopt the attached Consent Decree entered into between the Federal Communications Commission (the “Commission”) and Verizon Business Global LLC f/k/a MCI, LLC (“Verizon”). The Consent Decree terminates the enforcement proceeding initiated by the Enforcement Bureau against MCI, Inc. (“MCI”) for possible violations of section 254 of the Communications Act of 1934, as amended (“the Act”),¹ relating to universal service, and, among others, sections 1.1157, 52.17, 54.706, 54.711, and 64.604 of the Commission’s rules relating to universal service, the Telecommunications Relay Service (“TRS”) Fund, the North American Numbering Plan Administration (“NANPA”), and regulatory fees.²

2. The Commission and Verizon have negotiated the terms of a Consent Decree that resolves this matter. A copy of the Consent Decree is attached hereto and incorporated by reference.

3. Based on the record before us, and in the absence of material new evidence relating to this matter, we conclude that there are no substantial or material questions of fact as to whether Verizon possesses the basic qualifications, including those related to character, to hold or obtain any Commission license or authorization.

4. After reviewing the terms of the Consent Decree, we find that the public interest will be served by adopting the Consent Decree.

5. Accordingly, **IT IS ORDERED** that, pursuant to section 4(i) of the Communications Act of 1934, as amended,³ the Consent Decree attached to this Order **IS ADOPTED**.

¹ 47 U.S.C. § 254.

² 47 C.F.R. §§ 1.1157, 52.17, 54.706, 54.711, 64.604.

³ 47 U.S.C. § 154(i).

6. **IT IS FURTHER ORDERED** that the above-captioned investigation **IS TERMINATED.**

FEDERAL COMMUNICATIONS COMMISSION

Marlene H. Dortch
Secretary

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CONSENT DECREE

1. The Federal Communications Commission (the “Commission” or “FCC”) and Verizon by their authorized representatives, hereby enter into this Consent Decree for the purpose of terminating the Commission’s investigation into MCI’s compliance with section 254 of the Communications Act of 1934, as amended (the “Act”),¹ relating to universal service, and certain of the Commission’s rules relating to universal service, the Telecommunications Relay Service (“TRS”) Fund, the North American Numbering Plan Administration (“NANPA”), and regulatory fees.

2. For the purposes of this Consent Decree, the following definitions shall apply:

- (a) “Act” means the Communications Act of 1934, as amended, 47 U.S.C. § 151 *et seq.*
- (b) “Adopting Order” or “Order” means an order of the Commission adopting this Consent Decree.
- (c) The “Bureau” means the Enforcement Bureau of the Federal Communications Commission.
- (d) The “Commission” or “FCC” means the Federal Communications Commission.
- (e) “Effective Date” means the date on which the Commission releases the Order.
- (f) “Investigation” means the investigation initiated by the Bureau following MCI’s January 5, 2006 disclosures regarding its universal service and other reporting and contribution obligations associated with FCC Forms 499-A and 499-Q.
- (g) “Verizon” means Verizon Business Global LLC f/k/a MCI, LLC, and its successors or assigns.
- (h) “MCI” means MCI, Inc., which was the entity that filed FCC Form 499-A on behalf of MCI prior to 2006.
- (i) “Parties” means Verizon and the Commission.

¹ 47 U.S.C. § 254.

- (j) “Rules” means the Commission’s regulations set forth in Title 47 of the Code of Federal Regulations.

I. BACKGROUND

3. Pursuant to Section 254(d) of the Act and sections 54.706, 54.711, and 54.713 of the Rules, telecommunications carriers that provide interstate telecommunications services are required to file annual and quarterly Telecommunications Reporting Worksheets (FCC Forms 499-A and FCC Form 499-Q) and contribute to the Federal Universal Service Fund (“FUSF”). 47 U.S.C. § 254(d); 47 C.F.R. §§ 54.706, 54.711, 54.713.

4. Pursuant to Section 251(e) of the Act and sections 52.17 and 52.32 of the Rules, all telecommunications carriers are required to contribute to the costs of establishing numbering administration and local number portability, respectively, based on information contained in FCC Forms 499-A and FCC Form 499-Q. 47 U.S.C. § 251(e); 47 C.F.R. §§ 52.17, 52.32.

5. Pursuant to Section 225(b)(1) of the Act and section 64.604 of the Rules, telecommunications carriers that provide interstate telecommunications services are required to contribute to the TRS fund, based on information contained in FCC Forms 499-A and FCC Form 499-Q. 47 U.S.C. § 225(b)(1); 47 C.F.R. § 64.604.

6. Pursuant to Section 9(a)(1) of the Act and sections 1.1151, 1.1154, and 1.1157(b)(1) of the Commissions rules, interstate telecommunications carriers are required to pay regulatory fees. 47 U.S.C. § 9(a)(1); 47 C.F.R. §§ 1.1151, 1.1154, 1.1157(b)(1).

7. Verizon offers interstate and international telecommunications services and is subject to the requirements discussed in paragraphs 3 through 6 above.

8. On January 5, 2006, MCI informed the Bureau that, as part of a review of its compliance with its universal service and other associated reporting and contribution obligations, MCI discovered that it had erroneously reported its interstate telecommunications revenues on its FCC Form 499-As for the years 2003 and 2004, as well as its FCC Form 499-Qs for the first three quarters of 2005. As a result, MCI’s federal USF contributions, numbering administration and local number portability contributions, TRS Fund contributions, and regulatory fee payments for those periods had been calculated incorrectly. Verizon informed the Commission and the Universal Service Administrative Company (“USAC”) of Verizon’s intention to promptly pay in full the difference between the total obligation and MCI’s prior contributions. On February 5, 2006, Verizon submitted to USAC Revised FCC Forms 499-A for 2003 and 2004 (the “Revised Forms”). Verizon received three invoices from USAC, beginning in April 2006, for the underpayment amounts reflected on its amended FCC Form 499-A filings for the years 2003 and 2004. Verizon paid these invoices in full in a timely manner. In addition, the FCC Form 499-A for the year 2005, which was filed on April 1, 2006, reflected higher revenue amounts than were previously reported on MCI’s FCC Form 499-Qs for the first three quarters of 2005. Verizon received three invoices from USAC, beginning in July 2006, for the true-up of 2005 contributions. Verizon paid these invoices in full in a timely manner.

II. AGREEMENT

9. The Parties agree and acknowledge that this Consent Decree shall constitute a final settlement between the Parties of the Investigation. In express reliance on the covenants and representations in this Consent Decree, the Commission agrees to terminate the Investigation without any finding of liability on the part of Verizon and MCI. In consideration for the termination of the Investigation and in accordance with the terms of this Consent Decree, Verizon agrees to the terms, conditions, and procedures contained herein.

10. Verizon acknowledges that the Commission has jurisdiction over the matters contained in this Consent Decree and the authority to enter into and adopt this Consent Decree.

11. Verizon will make a voluntary contribution to the United States Treasury in the amount of five hundred thousand dollars (\$500,000) within thirty (30) calendar days from the Effective Date. The payment must be made by check or similar instrument, payable to the order of the Federal Communications Commission. The payment must include "Acct. No. 200732080026" and "FRN No. 0003257094." Payment by check or money order may be mailed to Federal Communications Commission, P.O. Box 358340, Pittsburgh, PA 15251-8340. Payment by overnight mail may be sent to Mellon Bank /LB 358340, 500 Ross Street, Room 1540670, Pittsburgh, PA 15251. Payment by wire transfer may be made to ABA Number 043000261, receiving bank Mellon Bank, and account number 911-6229.

12. The Parties agree that this Consent Decree does not constitute either an adjudication on the merits or a factual or legal finding or determination regarding any compliance or noncompliance with the requirements of the Act or the Commission's rules and orders. The Parties agree that this Consent Decree is for settlement purposes only and that by agreeing to this Consent Decree, Verizon and MCI do not admit or deny liability for violating any statute, regulation, or administrative rule in connection with the matters that are the subject of this Consent Decree.

13. Verizon agrees that it will develop, within sixty (60) calendar days from the Effective Date, an internal Compliance Program to ensure Verizon's future compliance with the Act, the Commission's rules, and the Commission's orders governing telecommunications carriers' universal service reporting and contribution requirements. The Compliance Plan will include, at a minimum, the following components:

- (a) Compliance Training Program. Verizon shall establish and maintain a FUSF training program, as detailed below, for employees who are responsible for preparing FCC Forms 499-Q and 499-A submissions on behalf of Verizon's wholly-owned subsidiaries.²
 - i. Verizon shall establish and maintain a training program regarding FCC Form 499 filing requirements for employees who are responsible for preparing FCC Form 499 submissions. This training program shall address at least the following subject matter areas: the FCC's regulations governing FUSF contribution requirements, the FCC Form 499 instructions (including the instructions regarding FCC Form 499 revenue categories, the FCC Form 499 instructions regarding the definition of interstate and international services, and the FCC Form 499 instructions regarding the definitions of "end user" and "reseller"), and

² Under this provision, Verizon will not be required to provide FUSF compliance training to employees whose responsibilities do not include any decision making regarding FUSF contributions, and whose involvement in FUSF-related projects is limited to performing non-FUSF specific job functions.

the application of those instructions to the services provided by Verizon. The training program shall also include information on the potential ramifications of failing to comply with the FCC Form 499 filing requirements.

- ii. Verizon shall provide the foregoing FCC Form 499 training for its employees responsible for preparing the FCC Form 499 or providing key information that is used in preparing the FCC Form 499, at least annually. Verizon will also provide training to new employees responsible for preparing the FCC Form 499 or providing key information that is used in preparing the FCC Form 499 within 45 days of being assigned such responsibilities.
 - iii. Verizon shall update and enhance the foregoing training regarding the FCC Form 499 filing requirements as appropriate and necessary.
- (b) Internal Controls Over FUSF Reporting. Verizon has established, and shall maintain, internal control processes to ensure accurate FCC Form 499 submissions.
- i. Verizon has created, and shall maintain, a process document that describes each step in the development of the company's FCC Form 499 submissions and that identifies the key controls to ensure an accurate filing.
 - ii. Verizon has established procedures for determining the FUSF treatment of new services and ensuring that those decisions are reflected in the company's FCC Form 499 submissions.
 - iii. Verizon has established, and shall maintain, an FUSF oversight team that will serve as a resource for resolving questions related to Verizon compliance with applicable FUSF contribution rules and act as a central point of contact for dissemination of FCC Form 499 filing requirements throughout the company. The oversight team will also oversee the development and dissemination of training material and will monitor changes in FUSF rules to make sure those changes are documented and disseminated appropriately. The oversight team includes representatives of the Verizon legal department and the Verizon finance division.³
 - iv. Verizon has established procedures to ensure that each organization within the company that contributes information for the company's FCC Form 499 submissions certifies to the accuracy of the information it has provided.
 - v. Verizon has established procedures to ensure that the company's completed FCC Form 499s are reviewed by the appropriate legal and finance organizations prior to submission.
- (c) Independent Auditing. Verizon independent auditors shall audit the effectiveness of the company's internal controls over accounting for FUSF reporting and contributions as part of their annual financial statement audit. Verizon shall report to the Commission any exceptions identified by the company's independent auditor with regard to internal controls over accounting for FUSF reporting and contributions.

³ The finance division has responsibility for all financial matters, including accounting, internal controls, treasury, and financial reporting, planning and operations.

- (d) Termination. The provisions of this paragraph shall remain in effect for two (2) years from the Effective Date.

14. The Commission agrees that, absent new material evidence, it will not use the facts developed in the Investigation through the Effective Date, or the existence of this Consent Decree, to institute on its own motion any new proceeding, formal or informal, or to take any action on its own motion, against Verizon concerning the matters that were the subject of the Investigation. The Commission further agrees that it will not use the facts developed in this Investigation through the Effective Date, or the existence of this Consent Decree, to institute on its own motion any proceeding, formal or informal, or take any action on its own motion, against Verizon with respect to its basic qualifications, including its character qualifications, to be a Commission licensee or authorized common carrier, or with respect to compliance with the Commission's rules and policies.

15. Nothing in this Consent Decree shall prevent the Commission or its delegated authority from adjudicating any formal or informal complaint filed against Verizon pursuant to Section 208 of the Act, 47 U.S.C. § 208, and to take action in response to such formal complaint. If any such complaint is made, the adjudication of that complaint will be based solely on the record developed in that proceeding and the Commission shall not use any facts developed through the Investigation in any such proceeding. Except as expressly provided in this Consent Decree, nothing herein shall prevent the Commission or its delegated authority from investigating Verizon compliance with the Act, the Commission's rules, or this Consent Decree.

16. Verizon waives any and all rights it may have to seek administrative or judicial reconsideration, review, appeal or stay or to otherwise challenge or contest the validity of this Consent Decree and the Adopting Order, provided the Order adopts this Consent Decree without change, addition, or modification. Verizon shall retain the right to challenge Commission interpretation of the Consent Decree or any terms contained herein.

17. Verizon's decision to enter this Consent Decree is expressly contingent upon the Commission's issuance of the Order adopting the Consent Decree without change, addition, or modification.

18. Nothing in this Consent Decree shall preclude Verizon from petitioning the Commission for relief as to future obligations under Section 254 of the Act and Commission's Rules or other relevant sections of the Act and the Commission's Rules.

19. In the event that this Consent Decree is rendered invalid by any court of competent jurisdiction, it shall become null and void and may not be used in any manner in any legal proceeding.

20. The Parties agree that if either Party (or the United States on behalf of the Commission), brings a judicial action to enforce the terms of the Order adopting this Consent Decree, neither Verizon nor the Commission shall contest the validity of the Consent Decree or the Adopting Order, and Verizon will waive any statutory right to a trial *de novo* regarding the terms or validity of the Consent Decree. Verizon, however, may present evidence that it has not violated the Consent Decree.

21. The parties agree that this Consent Decree shall become effective on the Effective Date. Upon release, the Adopting Order and this Consent Decree shall have the same force and effect as any other order of the Commission. Any violation of any term of this Consent Decree shall constitute a separate violation of a Commission order entitling the Commission to exercise any rights and remedies attendant to the enforcement of a Commission order.

22. The Parties agree that if any provision of the Consent Decree conflicts with any subsequent rule or order adopted by the Commission (except an order specifically intended to revise the terms of this Consent Decree to which Verizon does not consent) that provision will be superseded by such Commission rule or order.

23. Verizon agrees that the provisions of this Consent Decree shall be binding on its successors and assigns.

24. Verizon agrees to waive any claims it may otherwise have under the Equal Access to Justice Act, 5 U.S.C. § 504 and 47 C.F.R. § 1.1501 *et seq.*, relating to the matters addressed in this Consent Decree.

25. Verizon and the Commission each represents and warrants to the other that it has full power and authority to enter into this Consent Decree.

26. This Consent Decree may be signed in counterparts.

Marlene H. Dortch
Secretary
Federal Communications Commission

Date

Michael E. Glover
Senior Vice President and Deputy General Counsel
Verizon

Date