

**STATEMENT OF COMMISSIONER
MICHAEL O'RIELLY**

Re: *Blanca Telephone Company, Seeking Relief from the June 22, 2016 Letter Issued by the Office of the Managing Director Demanding Repayment of a Universal Service Fund Debt Pursuant to the Debt Collection Improvement Act, WC Docket No. 96-45*

As the steward of federal universal service funds collected from American consumers and businesses, the FCC must do everything within its authority to root out waste, fraud, and abuse. Part of that responsibility is fulfilled by enacting clear rules and appropriate limits or “guardrails,” as I’ve called them, to ensure that funds are being used as efficiently as possible for their intended purposes. As the Commission has reformed parts of the high-cost program, I have worked to improve oversight and accountability. Most recently, I have been working with Commissioner Clyburn to update the rate-of-return rules to delineate what types of expenses cannot be funded through universal service or allowed in the rate base. For instance, I am aware of no one that supports the notion that these precious dollars could be used for such purposes as personal yachts or country club golf memberships. To be clear, this is not an attempt to enact unnecessary micromanagement of private companies, but instead reasonable limitations to prevent the most egregious practices. Hopefully that effort will soon bear fruit.

The other key component is taking swift action to recoup funding once the Commission becomes aware of problems. I am concerned, therefore, that the troubling conduct at issue here occurred between 2005 and 2010, was not discovered until 2012, and is only now being remedied. We must do better. The longer the delay, the greater the risk that we will lack the evidence and ability to pursue even the most fraudulent of behavior. In this instance, the rules were sufficiently clear, the misconduct was egregious, and the proof is adequately documented that I am willing to collect the overpayments, notwithstanding the delay.

At the same time, I have heard complaints that USAC has been attempting to recoup certain overpayments from a decade ago that reportedly resulted from ministerial errors rather than fraud – the type of situation where the steps to obtain recovery at this point may cost more than the funding at stake. Moreover, recipients that obtained funding that long ago may not have been under an obligation to retain records for that length of time, relevant personnel may no longer be found, and rules now in place may not have been applicable that far back in the past. Make no mistake: I abhor any waste, fraud or abuse caused by wrongdoers and fully support the recoupment of such funds. However, I am sympathetic to the view that the Commission generally should be required to recover funding within a defined timeframe, such as 7 years. Certain timing limitations imposed on the Commission, like those that exist in other areas, would not wholly prevent the exercise of oversight or imposition of enforcement actions when needed. To the extent that would require clarification or direction by Congress, that could be a welcome improvement.