

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

In the Matter of
Stage 2 Networks, LLC
File No.: EB-IHD-22-00033173
NAL/Acct. No.: 202332080034
FRN: 0012559290

NOTICE OF APPARENT LIABILITY FOR FORFEITURE AND ORDER

Adopted: September 13, 2023

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By the Commission:

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I. INTRODUCTION

1. We propose in this Notice of Apparent Liability for Forfeiture and Order (NAL) a penalty of \$308,451 for Stage 2 Networks, LLC's (Stage 2 or Company) failures to file Annual and Quarterly Telecommunications Reporting Worksheets (Worksheets), to respond to the Enforcement Bureau's (Bureau) Letter of Inquiry (LOI) fully and on time, to file annual customer proprietary network information (CPNI) certifications, and to maintain current information in the Federal Communications Commission's (FCC or Commission) Registration System (CORES), in apparent violation of sections

1.8002(b)(2), 52.17(b), 52.32(b), 54.711(a), 64.2009(e) and 64.604(c)(5)(iii)(B) of the Commission's rules and Commission orders to file Worksheets and to respond to the Bureau's LOI.¹

2. Under the rules and orders of the Commission, telecommunications service providers and certain telecommunications providers (collectively, service providers) are periodically required to file Worksheets with the Universal Service Administrative Company (USAC) in furtherance of the Commission's universal service and other federal payment requirements implemented under the Communications Act of 1934, as amended (Act). USAC and the administrators of the Telecommunications Relay Service (TRS) Fund, Local Number Portability (LNP), and the North American Numbering Plan (NANP) rely on information filed in the Worksheets to determine fairly and accurately, as prescribed in Commission rules, each service provider's payment responsibilities for the Universal Service Fund (USF) and these other federal funding requirements. Likewise, the Commission relies on the information filed in Worksheets to assess fair and accurate federal regulatory fees owed by each service provider. Failure to file Worksheets therefore undermines the Commission's efforts to maintain the USF and these other federal payment requirements arising under the Act effectively.

3. In this case, Stage 2 failed to file any of its four Annual Worksheets and 15 Quarterly Worksheets required between February 1, 2020, and August 1, 2023. Stage 2 also failed to respond fully and timely to a Bureau LOI regarding compliance with filing and contribution requirements arising under the Act and the Commission's rules. Stage 2 further failed to file its annual CPNI certifications and maintain current information in CORES.

II. BACKGROUND

A. Legal Framework

4. The Act codifies Congress's historical commitment to promoting universal service to ensure that consumers in all regions of the nation have access to affordable, quality telecommunications services. In particular, section 254(d) of the Act requires, among other things, that "[e]very telecommunications carrier [providing] interstate telecommunications services . . . contribute, on an equitable and nondiscriminatory basis, to the specific, predictable, and sufficient mechanisms established by the Commission to preserve and advance universal service."² In implementing this Congressional mandate, the Commission directed all telecommunications carriers providing interstate telecommunications services to contribute to the USF based on their interstate and international end-user telecommunications revenues.³ The Commission also requires certain providers of interstate telecommunications to contribute to the USF.⁴ Pursuant to the Act, the Commission has likewise

¹ 47 CFR §§ 1.8002(b)(2), 52.17(b), 52.32(b), 54.711(a), 64.2009(e), 64.604(c)(5)(iii)(B); *Wireline Competition Bureau Releases the 2023 Telecommunications Reporting Worksheets and Accompanying Instructions*, WC Docket No. 06-12, Public Notice, DA 22-1094, 2022 WL 10379829, Att. B, Tbl. 3 (WCB Oct. 14, 2022) (*2023 Annual Worksheet Instructions*); Letter of Inquiry from Jeffrey J. Gee, Chief, Investigations & Hearings Division, FCC Enforcement Bureau, to Joseph Gillette, Chief Executive Officer and George Panagiotou, Senior Vice President and General Manager, Stage 2 Networks, LLC (Feb. 10, 2022) (on file in EB-IHD-22-00033173) (LOI); *Wireline Competition Bureau Releases the 2022 Telecommunications Reporting Worksheets and Accompanying Instructions*, Public Notice, 36 FCC Rcd 14176, Att. B, Tbl. 3 (WCB 2021) (*2022 Annual Worksheet Instructions*); *Wireline Competition Bureau Releases the 2021 Telecommunications Reporting Worksheets and Accompanying Instructions*, Public Notice, 35 FCC Rcd 13671, Att. B, Tbl. 3 (WCB 2020) (*2021 Annual Worksheet Instructions*); *Wireline Competition Bureau Releases the 2020 Telecommunications Reporting Worksheets and Accompanying Instructions*, Public Notice, 35 FCC Rcd 1350, 1362 (WCB 2020) (*2020 Annual Worksheet Instructions*).

² 47 U.S.C. § 254(d).

³ 47 CFR § 54.706(b).

⁴ See 47 U.S.C. § 254(d) ("Any other provider of interstate telecommunications may be required to contribute to the preservation and advancement of universal service if the public interest so requires."). See also 47 CFR § 54.706(a) ("Entities that provide interstate telecommunications to the public, or to such classes of users as to be effectively available to the public, for a fee will be considered telecommunications carriers providing interstate

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established cost recovery rules for the TRS Fund, LNP, NANP and federal regulatory fees,⁵ and requires service providers to file Annual and Quarterly Worksheets, and annual CPNI certifications.⁶ The Commission is authorized to issue LOIs to investigate service providers' compliance with these payment and filing requirements.⁷

1. Annual and Quarterly Worksheet Filing Requirements

5. The Commission has established specific procedures to administer the USF. Each service provider, with certain exceptions, is required to contribute to the USF, file annually an FCC Form 499-A, also known as the Annual Worksheet,⁸ and file quarterly an FCC Form 499-Q, also known as the Quarterly Worksheet.⁹ USAC uses the revenue projections submitted in Quarterly Worksheets to determine each service provider's monthly universal service contribution amount.¹⁰ The monthly USF contributions that were invoiced based on projected revenues reported in a service provider's Quarterly Worksheets are then subject to an annual true-up based on actual revenues reported in the service provider's Annual Worksheet.¹¹ A service provider's Annual Worksheets in the four years from 2019 through 2022 were each due by April 1 of the subsequent calendar year.¹² In addition, a service provider's Quarterly Worksheets were due by February 1, May 1, August 1 and November 1 of each year.¹³ The Commission's rules explicitly warn service providers that failure to file timely and accurate Worksheets or submit timely USF payments potentially subjects them to enforcement action.¹⁴ The

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telecommunications services and must contribute to the universal service support mechanisms.”). According to its 2018 Annual Worksheet filing, which is the Company's last Annual Worksheet filing approved by USAC, Stage 2 provides interconnected Voice over Internet Protocol (VoIP) service, and is therefore subject to the Worksheet filing and contribution requirements established under the FCC's rules. *See* 47 CFR § 54.706(a); *Universal Service Contribution Methodology*, Report and Order and Notice of Proposed Rulemaking, 21 FCC Rcd 7518 (2006) (extending section 254(d) permissive authority to require interconnected VoIP providers to contribute to the USF), *petition for review denied, and vacated in part on other grounds, Vonage Holding Corp. v. FCC*, 489 F.3d 1232 (D.C. Cir. 2007); *Universal Service Administrative Company, E-File Portal*, <https://efile.universalservice.org/EFileContributor/CompanyForms/SearchCompanyForms?filerId=825872> (last visited Aug. 10, 2023).

⁵ *See* 47 U.S.C. § 251(e)(2); 47 CFR. §§ 1.1154, 1.1157(b)(1), 52.17(a), 52.32(a), 64.604(c)(5)(iii)(A).

⁶ *See* 47 CFR §§ 52.17(b), 52.32(b), 54.711(a), 64.2009(e), 64.604(c)(5)(iii)(B).

⁷ *See, e.g.*, 47 U.S.C. § 403.

⁸ *See, e.g.*, 47 CFR § 54.711; *2020 Annual Worksheet Instructions*, *supra* note 1, at 1372; *Telseven, LLC*, Notice of Apparent Liability for Forfeiture, 27 FCC Rcd 6636, 6637, para. 2 (2012) (*Telseven NAL*), Forfeiture Order, 31 FCC Rcd 1629 (2016) (*Telseven Forfeiture Order*). Within 30 days of beginning to provide service, new service providers must register with the Commission by obtaining an FCC registration number (FRN) from CORES and obtaining a Filer ID from USAC's E-File system. *E.g.*, *2020 Annual Worksheet Instructions*, *supra* note 1, at 1372.

⁹ *See, e.g.*, 47 CFR § 54.711; *2020 Annual Worksheet Instructions*, *supra* note 1, at 1373; *Telseven NAL*, 27 FCC Rcd at 6637, para. 2.

¹⁰ *See, e.g.*, 47 CFR § 54.711; *2020 Annual Worksheet Instructions*, *supra* note 1, at 1409; *Telseven NAL*, 27 FCC Rcd at 6637, para. 2.

¹¹ *See* 47 CFR § 54.711; *Federal-State Joint Board on Universal Service*, Report and Order and Order on Reconsideration, 16 FCC Rcd 5748, 5752-53, para. 12 (2001).

¹² *See* *2023 Annual Worksheet Instructions*, *supra* note 1, at *10; *2022 Annual Worksheet Instructions*, *supra* note 1, at 14176, Att. B, Tbl. 3; *2021 Annual Worksheet Instructions*, *supra* note 1, at 13671, Att. B, Tbl. 3; *2020 Annual Worksheet Instructions*, *supra* note 1, at 1373.

¹³ *See* *2023 Annual Worksheet Instructions*, *supra* note 1, at *10; *2022 Annual Worksheet Instructions*, *supra* note 1, at 14176, Att. B, Tbl. 3; *2021 Annual Worksheet Instructions*, *supra* note 1, at 13671, Att. B, Tbl. 3; *2020 Annual Worksheet Instructions*, *supra* note 1, at 1373.

¹⁴ 47 CFR § 54.713.

Commission's rules also require that both the information submitted in the Worksheets, and required federal regulatory payments based on those Worksheets, are accurate.¹⁵

6. Section 225(b)(1) of the Act, which codifies Title IV of the Americans with Disabilities Act of 1990, directs the Commission to “ensure that interstate and intrastate telecommunications relay services are available, to the extent possible and in the most efficient manner, to hearing-impaired and speech-impaired individuals in the United States.”¹⁶ To that end, the Commission established the TRS Fund to reimburse TRS providers for the costs of providing interstate TRS.¹⁷ The Commission implemented TRS capability rules to enable persons with hearing and speech disabilities to communicate by telephone with voice-telephone users.¹⁸ Such services provide telephone access to a significant number of Americans who, without it, might not be able to make calls to or receive calls from voice-telephone users.¹⁹ Pursuant to section 64.604(c)(5)(iii)(A) of the Commission's rules, service providers such as Stage 2²⁰ must contribute to the TRS Fund based on their interstate end-user revenues.²¹ Under the Commission's rules, the TRS Fund administrator, RolkaLoube, LLC (RolkaLoube), uses Annual Worksheet filings to determine each service provider's annual or monthly TRS Fund contribution amounts.²²

7. Section 251(e)(1) of the Act directs the Commission to oversee the administration of telecommunications numbering to ensure the availability of telephone numbers on an equitable basis.²³ Section 251(e)(2) of the Act requires that “[t]he cost of establishing telecommunications numbering administration arrangements and numbering portability shall be borne by all telecommunications carriers on a competitively neutral basis as determined by the Commission.”²⁴ In carrying out these statutory

¹⁵ *Id.* §§ 54.711(a), 54.713. An officer of a company completing an Annual Worksheet must certify, in part, as follows: “I have examined the foregoing report and, to the best of my knowledge, information and belief, all statements of fact contained in this Worksheet are true and that said Worksheet is an accurate statement of the affairs of the above-named company for the previous calendar year.” *See, e.g.*, 2020 FCC Form 499-A, Line 606. While the Commission requires revisions to Worksheets when errors are discovered, *see, e.g.*, 2020 *Annual Worksheet Instructions*, *supra* note 1, at 1373-74, the requirement does not affect the separate requirement to submit accurate information in the first instance to the best of the filer's knowledge, information and belief. *See, e.g.*, 2020 FCC Form 499-A, Line 606.

¹⁶ 47 U.S.C. § 225(b)(1).

¹⁷ *See Telecommunications Relay Services and the Americans with Disabilities Act of 1990*, Third Report and Order, 8 FCC Rcd 5300, 5301, para. 7 (1993).

¹⁸ *See Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities*, Report and Order, 15 FCC Rcd 5140, 5143 para. 5 (2000).

¹⁹ *Id.*

²⁰ Every carrier providing interstate or intrastate telecommunications services, including interconnected VoIP service providers pursuant to 47 CFR § 64.601(b) and every provider of non-interconnected VoIP service, must contribute to the TRS Fund. *See* 47 CFR § 64.604(c)(5)(iii)(A).

²¹ *Id.* Under the Commission's rules, service providers must contribute at least \$25 per year, and service providers whose annual contributions are less than \$1,200 must pay the entire amount at the beginning of the contribution period. Otherwise, if their account is in good standing, service providers are permitted to divide their contributions into 12 equal monthly payments. *See id.* § 64.604(c)(5)(iii)(B).

²² *Id.* Rolka Loube replaced the National Exchange Carrier Association as the TRS Fund administrator effective July 1, 2011. *See Interstate Telecommun. Relay Serv. (TRS) Fund Adm'r Transition*, Public Notice, 26 FCC Rcd 8436 (2011).

²³ 47 U.S.C. § 251(e)(1).

²⁴ *Id.* § 251(e)(2). “Number Portability” means “the ability of users of telecommunications services to retain, at the same location, existing telecommunications numbers without impairment of quality, reliability, or convenience when switching from one telecommunications carrier to another.” *Id.* § 153(37). The inability of customers to

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directives, the Commission adopted sections 52.17 and 52.32 of the Commission's rules.²⁵ Under the Commission's rules, service providers²⁶ must contribute to the costs of numbering administration and LNP on the basis of their end-user telecommunications revenues.²⁷ The NANP administrator's billing and collection agent, Welch LLP (Welch),²⁸ and the LNP administrator, Telcordia Technologies, Inc. d/b/a iconectiv (iconectiv),²⁹ respectively use Annual Worksheet filings to determine service providers' required payments for NANP and LNP administration.³⁰

8. The Act directs the Commission to “assess and collect regulatory fees to recover the costs of carrying out” the functions of the Commission,³¹ including “enforcement activities, policy and rulemaking activities, user information services, and international activities.”³² Consistent with this directive, the Commission has implemented rules for annual regulatory fees for entities regulated by the Commission.³³ Service providers³⁴ must pay regulatory fees based on interstate and international end-user revenues as reported in Annual Worksheets.³⁵

9. Because USAC, RolkaLoubé, iconectiv, Welch, and the Commission rely on Worksheets to determine respective payment requirements for administration of the USF, TRS Fund, LNP, NANP,

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retain their telephone numbers when changing local service providers would hamper the development of local competition. *Telephone Number Portability*, Third Report and Order, 13 FCC Rcd 11701, 11702, para. 3 (1998), *aff'd*, Memorandum Opinion and Order on Reconsideration and Order on Application for Review, 17 FCC Rcd 2578 (2002).

²⁵ 47 CFR §§ 52.17, 52.32.

²⁶ All telecommunications carriers and interconnected VoIP providers (such as Stage 2) in the United States shall contribute to meet the costs of establishing numbering administration and LNP. *See* 47 CFR §§ 52.17, 52.32.

²⁷ *See id.* § 52.17(a) (“Contributions to support numbering administration shall be the product of the contributors’ end-user telecommunications revenues for the prior calendar year and a contribution factor determined annually . . . such contributions to be no less than twenty-five dollars (\$25.)”); *id.* § 52.32(a) (service providers that have no intrastate, interstate, or international end-user telecommunications revenues derived from providing telecommunications service in areas a regional database serves must pay \$100 contributions for LNP, and if service providers derive intrastate, interstate, or international end-user telecommunications revenues in areas a regional database serves, the service providers must pay a charge that recovers the remaining shared costs of long-term number portability attributable to each service provider on a proportional basis).

²⁸ In 2004, the Commission selected Welch & Company, LLP as the billing and collection agent for the NANP. New Release, Fed. Comm’n Comm’n, Federal Communications Commission Selects Welch & Co., LLP as the Next North American Numbering Plan Billing & Collection Agent (WCB Apr. 12, 2004), <https://www.fcc.gov/document/federal-communications-commission-selects-welch-company-llp-next>. In 2007, the billing and collection agent changed its name to Welch LLP. *See* Welch LLP, <https://welchllp.com> (last visited Aug. 10, 2023); Ottawa Business Journal, *Welch LLP celebrates 100th anniversary in Ottawa* (Feb. 8, 2018), <https://obj.ca/welch-llp-celebrates-100th-anniversary-in-ottawa>.

²⁹ *See Telcordia Technologies, Inc. Petition to Reform Amendment 57 and to Order a Competitive Bidding Process for Number Portability Administration*, Order, 31 FCC Rcd 8406 (2016) (approving the recommendation of the North American Numbering Council (NANC) that Telcordia Technologies, Inc. d/b/a iconectiv serve as the next LNP administrator).

³⁰ 47 CFR §§ 52.17(b), 52.32(b).

³¹ 47 U.S.C. § 159(a); *see also id.* § 156(a).

³² *2020 Annual Worksheet Instructions*, *supra* note 1, at 1365.

³³ *See* 47 CFR §§ 1.1152–1.1156, 1.1157(b)(1).

³⁴ *See* Fed. Comm’n Comm’n, *Regulatory Fees*, <https://www.fcc.gov/licensing-databases/fees/regulatory-fees> (identifying Commission licensees and regulatees who must pay federal regulatory fees) (last visited May 11, 2023).

³⁵ *See* 47 CFR § 1.1154.

and federal regulatory fees, the accuracy and timeliness of Worksheet filings are vital. When a service provider fails to report its revenues accurately in its Worksheets by each filing deadline, the service provider could prevent the USF, TRS, LNP and NANP administrators and the Commission from fully invoicing the service provider for its federal payment obligations implemented under the Act.³⁶ A service provider's failure to comply with the reporting requirements can impede the very purpose for which Congress enacted section 254(d)—to ensure that every required contributor to the USF “contribute[s], on an equitable and nondiscriminatory basis, to the specific, predictable, and sufficient mechanisms established by the Commission to preserve and advance universal service.”³⁷ The effects on the administration of TRS, LNP, NANP, and federal regulatory fees are similar. Indeed, a service provider that fails to file Worksheets when the filings are due can evade its federal obligations to contribute fully toward the vital programs linked to the reporting obligations.³⁸ As a consequence of this evasion, other service providers carry an unfair burden of funding the USF and other federal regulatory programs arising under the Act.³⁹ Delinquent service providers obtain an unfair competitive advantage over service providers that comply with the reporting and contribution provisions of the Act and the Commission's rules.⁴⁰

2. LOI Response Requirements

10. Section 403 of the Act grants the Commission broad authority to conduct investigations and to compel entities to provide information and documents sought during investigations.⁴¹ Section 0.111(a)(17) of the Commission's rules delegates authority to the Bureau to “conduct investigations . . . on its own initiative” of potential violations of the Act and of the Commission's rules.⁴² An LOI issued to an entity under investigation by the Bureau constitutes a Commission order, and a failure to respond to a Bureau LOI fully and on time constitutes a violation of a Commission order.⁴³ This violation can give rise to a forfeiture penalty under section 503 of the Act.⁴⁴ An investigation target's failure to provide a complete and timely response to an LOI threatens to compromise the Commission's ability to adequately

³⁶ See *id.* § 54.711(a); *Telseven NAL*, *supra* note 8, at 6643-44, 6646-48, paras. 15, 23-25, *Telseven Forfeiture Order*, *supra* note 8, at 1636, para. 20; *Telrite Corp.*, Notice of Apparent Liability for Forfeiture and Order, 23 FCC Rcd 7231, 7241-42, para. 24 (2008) (*Telrite NAL*), *consent decree adopted*, Order, 27 FCC Rcd 4110 (2012).

³⁷ 47 U.S.C. § 254(d).

³⁸ See, e.g., *Telseven NAL*, *supra* note 8, at 6638-39, para. 6; *Globalcom, Inc.*, Notice of Apparent Liability for Forfeiture, 25 FCC Rcd 3479, 3484, para. 12 (2010) (*Globalcom NAL*), *consent decree adopted*, Order, 29 FCC Rcd 2593 (2014); *Local Phone Services, Inc.*, Notice of Apparent Liability for Forfeiture, 21 FCC Rcd 9974, 9977-78, para. 9 (2006) (*LPSI NAL*), Order of Forfeiture, 23 FCC Rcd 8952 (2008).

³⁹ See *Telseven NAL*, *supra* note 8, at 6638-39, para. 6; *Globalcom NAL*, 25 FCC Rcd at 3484, para. 12; *LPSI NAL*, 21 FCC Rcd at 9977-78, para. 9.

⁴⁰ See *Telseven NAL*, *supra* note 8, at 6638-39, para. 6; *Globalcom NAL*, 25 FCC Rcd at 3484, para. 12; *LPSI NAL*, 21 FCC Rcd at 9977-78, para. 9.

⁴¹ 47 U.S.C. § 403 (“The Commission shall have full authority and power at any time to institute an inquiry, on its own motion, in any case and as to any matter or thing concerning which complaint is authorized to be made, to or before the Commission by any provision of this chapter, or concerning which any question may arise under any provisions of this chapter, or relating to the enforcement of any of the provisions of this chapter.”); see also LOI at 2 (citing 47 U.S.C. §§ 154(i)-(j), 403).

⁴² 47 CFR § 0.111(a)(17). In addition, Section 4(i) of the Act authorizes the Commission to “issue such orders, not inconsistent with this Act, as may be necessary in the execution of its functions.” See 47 U.S.C. § 154(i).

⁴³ See, e.g., 47 U.S.C. § 155(c)(3); *Aura Holdings of Wis., Inc.*, Notice of Apparent Liability for Forfeiture, 33 FCC Rcd 3688, 3696, para. 21 (2018) (*Aura Holdings NAL*), Forfeiture Order, 34 FCC Rcd 2540 (2019).

⁴⁴ 47 U.S.C. § 503(b)(1)(B) (any person who is found, in accordance with procedures set forth in section 503, to have willfully or repeatedly failed to comply with provisions of the Act or “any rule, regulation, or order issued by the Commission” shall be liable for a forfeiture penalty).

investigate violations of the Act and the Commission's rules.⁴⁵ Given the critical importance of LOIs to the Commission's investigatory and regulatory functions, it is imperative that investigation targets respond fully and on a timely basis. An incomplete or untimely LOI response results in the Commission wasting limited resources and time pursuing information that the Commission needs to complete its investigation.

3. CPNI Certification Requirements

11. Section 222 of the Act imposes the general duty on all service providers⁴⁶ to protect the confidentiality of their subscribers' customer proprietary network information.⁴⁷ CPNI includes sensitive personal information that service providers collect about their customers during the course of their business relationship, such as numbers of telephone calls made and received; the frequency, duration, and timing of such calls; and any services purchased by the consumer, such as call waiting and voicemail.⁴⁸ The Commission's rules seek to ensure that CPNI is adequately protected from unauthorized access, use, or disclosure.⁴⁹ The rules require, among other things, that service providers establish and maintain systems designed to ensure that they adequately protect their subscribers' CPNI and file with the Commission annually, on or before March 1 of each year, a certification of their compliance with the CPNI rules.⁵⁰

4. CORES Update Requirements

12. Maintaining current contact information in CORES is a similarly important responsibility for persons and companies subject to the Commission's rules and the Act. Companies doing business with the Commission are each assigned a unique 10-digit FCC Registration Number (FRN).⁵¹ The FRN is obtained through CORES over the Internet at the CORES link at www.fcc.gov or by filing FCC Form 160.⁵² The Commission's rules provide that anyone doing business with the Commission must obtain an FRN, and an FRN must be provided by contributors to the USF.⁵³ When registering for an FRN, an entity's name, entity type, contact name and title, address, and taxpayer identification number (TIN) must be provided.⁵⁴ Information provided when registering for an FRN must be kept current by registrants, either by updating the information online at the CORES link at www.fcc.gov or by filing FCC Form 161 (CORES Update/Change Form).⁵⁵ Accurate information in CORES allows Commission staff to contact regulated companies quickly instead of wasting limited Commission resources to locate a company.

⁴⁵ See *Neon Phone Serv., Inc.*, Notice of Apparent Liability for Forfeiture, 32 FCC Rcd 7964, 7974, para. 24 (2017) (*Neon Phone NAL*).

⁴⁶ Telecommunications carriers and interconnected VoIP service providers must comply with the Commission's CPNI rules. See 47 CFR § 64.2003(o) (defining "telecommunications carriers" that are subject to section 222 of the Act to include interconnected VoIP service providers).

⁴⁷ See 47 U.S.C § 222.

⁴⁸ See, e.g., *FCC Enforcement Advisory, Telecommunications Carriers and Interconnected VoIP Providers Must File Annual Reports Certifying Compliance with Commission Rules Protecting Customer Proprietary Network Information*, Public Notice, 36 FCC Rcd 1333 (EB 2021); see also 47 U.S.C § 222(h)(1).

⁴⁹ See 47 CFR §§ 64.2001-2011.

⁵⁰ See 47 CFR § 64.2009(e).

⁵¹ *Id.* § 1.8001(a).

⁵² *Id.* § 1.8001(b).

⁵³ *Id.* §§ 1.8002(a), 1.8003.

⁵⁴ *Id.* § 1.8002(b)(1).

⁵⁵ *Id.* § 1.8002(b)(2).

B. Factual Background

13. Stage 2 is a limited liability company incorporated in New York,⁵⁶ but the Company has not maintained a physical corporate address since January of 2021.⁵⁷ Stage 2 first registered with the Commission in 2005.⁵⁸ Stage 2 provides interconnected VoIP services.⁵⁹ The Commission granted the Company's application for authority to provide international facilities-based service and international resale service on February 11, 2005.⁶⁰

14. Stage 2 has not filed an Annual Worksheet since August 6, 2019, when it filed its 2019 Annual Worksheet more than four months after the filing deadline.⁶¹ Stage 2 failed to file Annual Worksheets that were due by April 1 on four occasions between 2020 and 2023.⁶² In addition, Stage 2 failed to file all 15 Quarterly Worksheets due between February 1, 2020, and August 1, 2023.⁶³ Although USAC repeatedly contacted Stage 2 concerning the Company's missing Worksheets by e-mail and voice mail, the Company still failed to comply with these important filing requirements.⁶⁴ Thus, on September 13, 2021, USAC referred Stage 2 to the Bureau for investigation into the Company's apparent and repeated failures to comply with section 54.711 of the Commission's rules, which requires service providers to file timely and accurate Worksheets.⁶⁵

15. Following USAC's referral, the Bureau issued an LOI to Stage 2 on February 10, 2022, concerning the Company's compliance with filing and contribution requirements arising under the Act and the Commission's rules.⁶⁶ The Company's response to the LOI was initially due by March 14, 2022.⁶⁷ After the Bureau granted Stage 2's February 16 and May 13, 2022 requests for extensions, Stage 2's deadline to respond to the LOI was adjusted to May 27, 2022; however, despite the grants of

⁵⁶ See New York State, *Department of State, Division of Corporations*, <https://apps.dos.ny.gov/publicInquiry/EntityDisplay> (last visited Aug. 10, 2023).

⁵⁷ Response to Letter of Inquiry, from Jeffrey A. Mitchell, Esq., to Kalun Lee, Esq., Deputy Chief, Investigations & Hearings Division, FCC Enforcement Bureau at 1-2, Response to Question 3 (June 21, 2022) (June 21, 2022 LOI Response) (on file in EB-IHD-22-00033173).

⁵⁸ See Fed. Comm'n's Comm'n, *Commission Registration System (CORES)*, <https://apps.fcc.gov/cores/searchDetail.do?fm=0012559290&csrfToken=> (last visited Aug. 10, 2023).

⁵⁹ See Letter from Fred Theobald, Director of Contributor Operations, Universal Services Administrative Company, to Pam Slipakoff, Attorney-Advisor, Investigations & Hearings Division, FCC Enforcement Bureau at 1 (August 10, 2023) (on file in EB-IHD-22-00033173) (USAC Letter). See also Response to Letter of Inquiry, from Jeffrey A. Mitchell, Esq., to Kalun Lee, Esq., Deputy Chief, Investigations & Hearings Division, FCC Enforcement Bureau at 1, Response to Question 15(b) (July 11, 2022) (July 11, 2022 LOI Response) (on file in EB-IHD-22-00033173). The Company provides VoIP service through Session Initiation Protocol (SIP) and Internet access to end-user customers. See June 21, 2022 LOI Response at 5.

⁶⁰ See *International Authorizations Granted*, Public Notice, 20 FCC Rcd 3667, 3668 (IB 2005).

⁶¹ See USAC Letter at 1-2.

⁶² See *id.* at 2.

⁶³ See *id.*

⁶⁴ See *id.*

⁶⁵ See *id.*; see, e.g., 47 CFR § 54.711; 2020 Annual Worksheet Instructions, *supra* note 1, at 1372; *Telseven NAL*, *supra* note 8, at 6637, para. 2.

⁶⁶ See LOI (regarding compliance with 47 U.S.C. §§ 159(a), 222, 251(e)(2), 254(d); 47 CFR §§ 1.1154, 1.1157, 1.7001, 1.8002, 52.17, 52.32, 54.706, 54.711, 54.712, 54.713, 64.604, 64.2009(e), 64.2115).

⁶⁷ See *id.*

extensions, the Company failed to respond by the deadline.⁶⁸ On June 3, 2022, Stage 2 submitted an LOI response that was both incomplete and late.⁶⁹ On June 16, 2022, Bureau staff spoke by telephone with the Stage 2's principals, George Panagiotou and Eleni Toumazatos, and the Company's attorney, Jeffrey Mitchell, and informed Stage 2 that the June 3, 2022 Letter was not fully responsive to the LOI. Bureau staff directed the Company to provide a complete response to the LOI by June 21, 2022, yet Stage 2 proceeded to provide only a partial response to the LOI by the Bureau's adjusted deadline.⁷⁰

16. On July 11, 2022, Stage 2 provided additional, late, and incomplete responses to the LOI, a declaration from Mr. Panagiotou, and "certain of the documents requested."⁷¹ The Company failed to respond to Inquiries 14, 15(c), 16-18, 20, 22, 24, 26, 28, 30-35, 37, 39-44, and stated that "Mr. Panagiotou asserts his rights pursuant to the Fifth Amendment to the United States Constitution and respectfully declines to provide a response."⁷² The Company stated that it planned to submit the financial data in response to Document Requests 61-63 on July 12, 2022.⁷³ Finally, the Company failed to submit documents responsive to Document Requests 51-56 and 58.⁷⁴

⁶⁸ On February 25, 2022, the Bureau and Stage 2 entered into an agreement to toll the applicable statutes of limitation for 120 days. See Tolling Agreement executed by Jeffrey J. Gee, Chief, Investigations & Hearings Division, FCC Enforcement Bureau, and Joseph Gillette, Chief Executive Officer and George Panagiotou, Non-Managing Member, Stage 2 Networks, LLC (Feb. 25, 2022) (Tolling Agreement) (on file in EB-IHD-22-00033173). Bureau staff also granted Stage 2 an extension until May 13, 2022, to respond to the LOI. On May 13, 2022, the date the LOI response was due, Stage 2 requested another extension. On May 16, 2022, the Bureau granted Stage 2 a second extension until May 27, 2022, and on May 18, 2022, the Company and the Bureau agreed to toll the applicable statutes of limitation for an additional 90 days. See Second Tolling Agreement executed by Jeffrey J. Gee, Chief, Investigations & Hearings Division, FCC Enforcement Bureau, and Joseph Gillette, Chief Executive Officer and George Panagiotou, Non-Managing Member, Stage 2 Networks, LLC (May 18, 2022) (Second Tolling Agreement) (on file in EB-IHD-22-00033173). Thus, the Bureau and Stage 2 agreed to toll the applicable statutes of limitations for a total of 210 days.

⁶⁹ See Letter from, Jeffrey A. Mitchell, Esq., to Pam Slipakoff, Esq., Investigations & Hearings Division, FCC Enforcement Bureau (June 3, 2022) (June 3, 2022 Letter) (on file in EB-IHD-22-00033173). Mr. Mitchell stated that he is "not currently representing the company in connection with the LOI, however the company retained me to provide general advice regarding federal universal service fund ('USF') contribution obligations." *Id.* at 1. Mr. Mitchell also stated that George Panagiotou "is willing to submit a declaration under penalty of perjury affirming the facts set forth herein and the authenticity of the attached documents." *Id.* However, the Company did not submit the required affidavit with the June 3, 2022 Letter, as required by 47 CFR § 1.16. Rather than respond to any of the Bureau's Inquiries in the LOI, Stage 2 stated that since the spring of 2020, "the company has been under extreme financial pressures due principally to the improper activities of [a] former Chief Executive Officer and Managing Director." See June 3, 2022 Letter at 1.

⁷⁰ E-mail from, Kalun Lee, Esq., Deputy Chief, Investigations & Hearings Division, FCC Enforcement Bureau, to George Panagiotou, Non-Managing Member, Stage 2 Networks, LLC and Jeffrey A. Mitchell, Esq. (June 16, 2022) (on file in EB-IHD-22-00033173); E-mail from, Jeffrey A. Mitchell, Esq., to Kalun Lee, Esq., Deputy Chief, Investigations & Hearings Division, FCC Enforcement Bureau (June 21, 2022) (June 21, 2022 E-mail) (on file in EB-IHD-22-00033173); June 21, 2022 LOI Response. On June 24, 2022, Stage 2 submitted a request for an additional 10 business days to provide the remaining responses. Letter from, Jeffrey A. Mitchell, Esq., to Kalun Lee, Esq., Deputy Chief, Investigations & Hearings Division, FCC Enforcement Bureau (June 24, 2022) (on file in EB-IHD-22-00033173). The Bureau did not respond to this request.

⁷¹ See E-mail from, Jeffrey A. Mitchell, Esq., to Kalun Lee, Esq., Deputy Chief, Investigations & Hearings Division, FCC Enforcement Bureau (July 11, 2022) (on file in EB-IHD-22-00033173) (July 11, 2022 E-mail).

⁷² See generally, July 11, 2022 LOI Response, *supra* note 59, at 1.

⁷³ July 11, 2022 E-mail. The Company submitted financial documentation in response to these Document Requests on July 12, 2022, more than six weeks after the May 27, 2022 LOI response deadline. See E-mail from, Jeffrey A. Mitchell, Esq., to Kalun Lee, Esq., Deputy Chief, Investigations & Hearings Division, FCC Enforcement Bureau (July 12, 2022) (on file in EB-IHD-22-00033173).

III. DISCUSSION

A. Stage 2 Apparently Violated Commission Rules by Failing to File Annual and Quarterly Worksheets by the Filing Deadlines

17. When a service provider fails to file accurate Annual and Quarterly Worksheets when the filings are due, the service provider can fail to pay fully its share of cost recovery obligations to the USF, TRS Fund, LNP, NANP, and federal regulatory fees.⁷⁵ Stage 2 failed to file four Annual Worksheets due by April 1 of 2020 through 2023, and 15 Quarterly Worksheets due between February 1, 2020, and August 1, 2023.⁷⁶ We consider each individual failure to file a Worksheet a separate violation of the Commission's rules. We thus find that the Company apparently violated sections 52.17(b), 52.32(b), 54.711 and 64.604(c)(5)(iii)(B) of the Commission's rules by willfully and repeatedly failing to file its Annual and Quarterly Worksheets.⁷⁷ Notably, even though Stage 2 has been under the Commission's investigation regarding compliance with these filing requirements since February 10, 2022, the Company nonetheless did not file its Annual Worksheets that were due by April 1 of 2022 and 2023, or its Quarterly Worksheets that were due by May 1, August 1, November 1, 2022, February 1, May 1, and August 1, 2023.

B. Stage 2 Apparently Violated a Commission Order by Failing to Respond to a Bureau LOI Fully and by the Response Deadlines

18. Sections 4(i) and 403 of the Act give the Commission broad power to compel service providers such as Stage 2 to provide information and documents as directed by a Bureau LOI.⁷⁸ The Commission has delegated to the Bureau authority to "conduct investigations . . . on its own initiative" of

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⁷⁴ See July 11, 2022 LOI Response, *supra* note 59, at 11-12, Response to Questions 51-56, 58 (claiming that "[c]urrent management is unable to locate" requested documents).

⁷⁵ See *Telseven NAL*, *supra* note 8, at 6638-39, para. 6; *Globalcom NAL*, *supra* note 35, at 3484, para. 12; *LPSI NAL*, *supra* note 35, at 9977-78, para. 9. The Company has not made any USF payments to USAC since 2015 and USAC has transferred a total of over \$4,000,000 in USF delinquencies to the United States Department of the Treasury (Treasury Department) for collection under the Debt Collection Improvement Act of 1996 (DCIA), Pub. L. No. 104-134, 110 Stat. 1321, 1358 (1996), codified in part at 31 U.S.C. §§ 3711, 3716, 3717, 3720B. See USAC Letter, *supra* note 59, at 2; 47 CFR § 1.1917 (debts owed to the Commission that have been delinquent for a period of 120 days shall be transferred to the Treasury Department, and debts which are less than 120 days delinquent may also be referred to the Treasury Department); Universal Service Administrative Company, *Late Payments, DCIA, Red Light*, <https://www.usac.org/service-providers/making-payments/late-payments-dcia-red-light/> (last visited Aug. 10, 2023). A service provider remains obligated to pay fully all unpaid assessments whether an administrator or a collection agent is collecting USF, TRS, LNP, NANP, or federal regulatory fee debt, and thus in either case, payment violations continue until the debt is fully paid. As of August 10, 2023, Stage 2's balance under collection by the Treasury Department was \$3,781,405.41, exclusive of penalties, interest, and collection fees, and the Company has not made a payment to the Treasury Department since September 12, 2019. Additionally, the balance for USF contributions currently owed to USAC was an additional \$327,539.59. After the Company files its missing Worksheets, and after USAC is able to approve the missing Worksheets, USAC will be able to assess fully the status of Stage 2's payment compliance. USAC Letter, *supra* note 59, at 2. The Commission reserves the right to take further enforcement action against Stage 2 for any violations of the Commission's USF, TRS Fund, LNP, NANP, and federal regulatory fee payment requirements.

⁷⁶ See USAC Letter, *supra* note 59, at 2; see *2023 Annual Worksheet Instructions*, *supra* note 1, at *10; *2022 Annual Worksheet Instructions*, *supra* note 1, at 14176, Att. B, Tbl. 3; *2021 Annual Worksheet Instructions*, *supra* note 1, at 13671, Att. B, Tbl. 3; *2020 Annual Worksheet Instructions*, *supra* note 1, at 1373.

⁷⁷ 47 CFR §§ 52.17(b), 52.32(b), 54.711, 64.604(c)(5)(iii)(B).

⁷⁸ 47 U.S.C. §§ 154(i), 403.

potential violations of the Act or the Commission's rules.⁷⁹ When an entity subject to Commission jurisdiction fails to respond to a Bureau LOI, the entity violates a Commission order.⁸⁰

19. The Bureau directed Stage 2 to provide information and documents related to the Company's compliance with the Act and Commission rules establishing filing and contributions requirements.⁸¹ After receiving two deadline extensions lasting a combined period of over two months, and after multiple discussions with Bureau staff, Stage 2 did not respond to the LOI fully by the Bureau's May 27 and June 21, 2022 response deadlines. On July 11, 2022, Stage 2 provided late and incomplete responses to the LOI. Stage 2 has still not provided all of the information and documentation required by the LOI.⁸²

20. Stage 2 claims incorrectly that the Fifth Amendment to the U.S. Constitution enables the Company to refuse to comply fully with the Bureau's LOI.⁸³ The Company provides no basis and cites no applicable legal authority to support this claim. The Fifth Amendment to the U.S. Constitution provides that "[n]o person . . . shall be compelled in any criminal case to be a witness against himself."⁸⁴ It is well established that corporations and other collective entities are not protected by the Fifth Amendment privilege against self-incrimination.⁸⁵ Furthermore, an individual in possession of the records of a collective entity cannot assert a Fifth Amendment privilege against producing the records, even if production might tend to incriminate the individual personally.⁸⁶ We therefore reject Stage 2's assertion "pursuant to the Fifth Amendment of the United States Constitution [to] decline to provide a response" with regards to Inquiries 14, 15(c), 16-18, 20, 22, 24, 26, 28, 30-35, 37, and 39-44 in the LOI.⁸⁷

21. The Commission's authority to conduct investigations and to compel entities to provide information and documents sought during investigations is well-established.⁸⁸ Stage 2 has failed to

⁷⁹ 47 CFR § 0.111(a)(17); *see* 47 U.S.C. § 155(c)(3) ("Any order . . . or action made or taken pursuant to any [] delegation . . . shall have the same force and effect . . . and [be] enforced in the same manner, as orders . . . of the Commission.").

⁸⁰ *See, e.g.*, 47 U.S.C. § 155(c)(3); *GPSPS, Inc.*, Notice of Apparent Liability for Forfeiture, 30 FCC Rcd 2522, 2530, para. 20 (2015) (*GPSPS NAL*), Forfeiture Order, 30 FCC Rcd 7814, 7814, para. 2 (2015).

⁸¹ *See* LOI at 1-2 (citing 47 U.S.C. §§ 159(a), 222, 251(e)(2), 254(d); 47 CFR §§ 1.1154, 1.1157, 1.7001, 1.8002, 52.17, 52.32, 54.706, 54.711, 54.712, 54.713, 64.604, 64.2009(e), 64.2115).

⁸² Stage 2 has not provided responses to Inquiries 14, 15(c), 16-18, 20, 22, 24, 26, 28, 30-35, 37, 39-44, and Document Requests 51-56 and 58.

⁸³ *See* July 11, 2022 LOI Response, *supra* note 59, at 1.

⁸⁴ U.S. Const. amend. V.

⁸⁵ *See, e.g.*, *ABC Fulfillment Servs. LLC*, 35 FCC Rcd 7441, 7450-51, paras. 24-26 (2020) (*HobbyKing Forfeiture Order*), *reconsideration denied*, Memorandum Opinion and Order, 36 FCC Rcd 10688 (2021); *LPFM Mx Group 37*, Memorandum Opinion and Order, 31 FCC Rcd 7512, 7516, para. 11 & n.33 (2016); *Braswell v. United States*, 487 U.S. 99, 104-10 (1988) (citing *Hale v. Henkel*, 201 U.S. 43 (1906)); *United States v. White*, 322 U.S. 694, 699 (1944).

⁸⁶ *See, e.g.*, *HobbyKing Forfeiture Order*, 36 FCC Rcd at 7450-51, paras. 24-26; *Braswell*, 487 U.S. at 106-07 (discussing *Wilson v. United States*, 221 U.S. 361 (1911), and *Dreier v. United States*, 221 U.S. 394 (1911)).

⁸⁷ *See* July 11, 2022 LOI Response, *supra* note 59, at 1.

⁸⁸ Section 403 of the Act grants the Commission both the authority to institute inquiries and "the power to make and enforce any order or orders" relating to its inquiries into compliance with the Act. 47 U.S.C. § 403. Section 0.111(a)(17) of the Commission's rules delegates this authority to the Bureau. 47 CFR § 0.111(a)(17) (granting the Enforcement Bureau the authority to "[i]dentify and analyze complaint information, conduct investigations, conduct external audits and collect information, including pursuant to sections 218, 220, 308(b), 403 and 409(e) through (k) of the Communications Act, in connection with complaints, on its own initiative or upon request of another Bureau or Office."). Additionally, section 4(i) of the Act authorizes the Commission to "issue such orders, not inconsistent

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provide a full response to the LOI. In particular, Stage 2 has not provided responses to Inquiries 14, 15(c), 16-18, 20, 22, 24, 26, 28, 30-35, 37, 39-44, and Document Requests 51-56 and 58. We thus find that the Company apparently willfully and repeatedly violated a Commission order by failing to respond fully to the LOI by the May 27 and June 21, 2022 deadlines.

C. Stage 2 Apparently Violated a Commission Rule by Failing to File Annual CPNI Certifications

22. The protection of CPNI is of paramount importance, and the Commission's rules direct service providers to ensure that CPNI is adequately protected from unauthorized access, use, or disclosure.⁸⁹ Service providers must file an annual CPNI certification, documenting compliance with the Commission's CPNI rules, by March 1 of each year.⁹⁰ The failure to file a CPNI certification calls into question whether the service provider has complied with rules implemented to protect the privacy and security of its customers' sensitive information.⁹¹ The Bureau has provided notice that failure to submit CPNI certifications may lead to enforcement action.⁹²

23. According to the Commission's records, Stage 2 last filed an annual CPNI certification in 2013 for the 2012 calendar year and has not filed its annual CPNI certifications, which are due annually by March 1, for the period from 2014 through 2023.⁹³ Although the Bureau inquired about the Company's CPNI certifications in the LOI,⁹⁴ Stage 2 has provided no explanation for not filing the required certifications. We conclude that Stage 2 apparently willfully and repeatedly violated section 64.2009(e) of the Commission's rules by failing to file required CPNI certifications due between March 2014 and March 2023.⁹⁵

D. Stage 2 Failed to Maintain Current Contact Information in CORES

24. Based on the evidence developed through the Bureau's investigation, we find that the Company apparently willfully and repeatedly violated section 1.8002(b)(2) of the Commission's rules by

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with this Act as may be necessary in the execution of its functions." 47 U.S.C. § 154(i). Section 4(j) of the Act states that "[t]he Commission may conduct its proceedings in such manner as will best conduce to the proper dispatch of business and to the ends of justice." 47 U.S.C. § 154(j).

⁸⁹ See, e.g., 47 CFR §§ 64.2001-11; *FCC Enforcement Advisory, Telecommunications Carriers and Interconnected VoIP Providers Must File Annual Reports Certifying Compliance with Commission Rules Protecting Customer Proprietary Network Information*, Public Notice, DA 22-117, 2022 WL 395182, at 1 (EB Feb. 7, 2022) (*2022 CPNI Enforcement Advisory*); *FCC Enforcement Advisory, Telecommunications Carriers and Interconnected VoIP Providers Must File Annual Reports Certifying Compliance with Commission Rules Protecting Customer Proprietary Network Information*, Public Notice, 36 FCC Rcd 1333, 1333 (EB 2021) (*2021 CPNI Enforcement Advisory*); *FCC Enforcement Advisory, Telecommunications Carriers and Interconnected VoIP Providers Must File Annual Reports Certifying Compliance with Commission Rules Protecting Customer Proprietary Network Information*, Public Notice, 35 FCC Rcd 1201, 1201 (EB 2020) (*2020 CPNI Enforcement Advisory*).

⁹⁰ See 47 CFR § 64.2009(e).

⁹¹ See, e.g., *2022 CPNI Enforcement Advisory* at *1; *2021 CPNI Enforcement Advisory*, 36 FCC Rcd at 1333; *2020 CPNI Enforcement Advisory*, 35 FCC Rcd at 1201.

⁹² See, e.g., *2022 CPNI Enforcement Advisory* at *1-2; *2021 CPNI Enforcement Advisory*, 36 FCC Rcd at 1333-34; *2020 CPNI Enforcement Advisory*, 35 FCC Rcd at 1201-02.

⁹³ See Fed. Comm'n's Comm'n, *CPNI Template Submission*, https://apps.fcc.gov/eb/CPNI/fccCPNI_display.cfm (last visited Aug. 10, 2023).

⁹⁴ See LOI at 12-14, (directing Stage 2 to identify CPNI certification dates, provide an explanation for any missed filings, and "provide a copy of each certification regarding protection of subscribers' customer proprietary network information filed by the Company from 2019 to the present").

⁹⁵ See 47 CFR § 64.2009(e).

failing to update its contact information in CORES on a timely basis.⁹⁶ In its June 21, 2022 LOI Response, Stage 2 acknowledged that its point of contact and address were not current in CORES on February 10, 2022, the date of the LOI.⁹⁷ Although Stage 2 acknowledged that the Company's contact information has changed, the Company has still not updated its contact information in CORES.⁹⁸ Stage 2 claimed in its June 21, 2022 LOI Response that "management is working to obtain the login passwords needed to update the information in CORES."⁹⁹ Stage 2 made this claim approximately 15 months ago, and the Company has still not complied with the important obligation to keep its information current in CORES. The Commission makes available multiple resources to provide assistance for using CORES, including a telephone number and online portal to submit requests for assistance, video tutorials, instructions for using the system, and answers to frequently asked questions.¹⁰⁰ We find no merit in Stage 2's claim that it has been unable to update CORES because the Company does not have the passwords.

IV. PROPOSED FORFEITURE

25. Section 503(b) of the Act authorizes the Commission to impose a forfeiture against any entity that "willfully or repeatedly fail[s] to comply with any of the provisions of [the Act] or of any rule, regulation, or order issued by the Commission[.]"¹⁰¹ Section 503(b)(2)(D) of the Act authorizes us to assess a forfeiture against Stage 2 of up to \$23,727 for each violation or each day of a continuing violation, up to a statutory maximum of \$177,951 for a single act or failure to act.¹⁰² In exercising our forfeiture authority, we must consider the "nature, circumstances, extent, and gravity of the violation and, with respect to the violator, the degree of culpability, any history of prior offenses, ability to pay, and such other matters as justice may require."¹⁰³ In addition, the Commission has established forfeiture guidelines that establish base penalties for certain violations and identify criteria that we consider when determining the appropriate penalty in any given case.¹⁰⁴ The forfeiture guidelines listed in section 1.80 of the Commission's rules specifically "are intended as a guide for frequently recurring violations" and not "a complete or exhaustive list of violations."¹⁰⁵

26. The Commission may adopt upward or downward adjustments to forfeitures when

⁹⁶ See *id.* § 1.8002(b)(2).

⁹⁷ June 21, 2022 LOI Response, *supra* note 57, at 3, Response to Question 7.

⁹⁸ See Fed. Comm'n's Comm'n, *Commission Registration System (CORES)*, <https://apps.fcc.gov/cores/searchDetail.do?frn=0012559290&csfrToken=> (last visited Aug. 10, 2023).

⁹⁹ June 21, 2022 LOI Response, *supra* note 57, at 3, Response to Question 7.

¹⁰⁰ See Fed. Comm'n's Comm'n, *Commission Registration System (CORES)*, <https://apps.fcc.gov/cores/userLogin.do?csfrToken=> (last visited Aug. 10, 2023).

¹⁰¹ 47 U.S.C. § 503(b).

¹⁰² See 47 U.S.C. § 503(b)(2)(D); 47 CFR § 1.80(b)(2). These amounts reflect inflation adjustments to the forfeitures specified in section 503(b)(2)(D) of the Act (\$10,000 per violation or per day of a continuing violation and a statutory maximum of \$75,000 for a single act or failure to act). See *Amendment of Section 1.80(b) of the Commission's Rules, Adjustment of Civil Monetary Penalties to Reflect Inflation*, Order, DA 22-1356 (EB Dec. 23, 2022); see also *Annual Adjustment of Civil Monetary Penalties to Reflect Inflation*, 88 Fed. Reg. 783 (Jan. 5, 2023) (setting January 5, 2023, as the effective date for the increases).

¹⁰³ 47 U.S.C. § 503(b)(2)(E).

¹⁰⁴ 47 CFR § 1.80(b)(10), Tbl. 1 to Para. (b)(10).

¹⁰⁵ See *Commission's Forfeiture Policy Statement & Amendment of Section 1.80 of the Rules to Incorporate the Forfeiture Guidelines*, Report and Order, 12 FCC Rcd 17087, 17109-10, para. 53 (1997) (citing 47 U.S.C. § 503(b)(2)(E)) (*1997 Forfeiture Guidelines Order*), *recon. denied*, Memorandum Opinion and Order, 15 FCC Rcd 303 (1999).

appropriate.¹⁰⁶ Under section 1.80 of the Commission's rules, we may adjust a forfeiture upward for egregious misconduct, ability to pay and relative disincentive, an intentional violation, substantial harm, prior violations of Commission requirements, substantial economic gain, or repeated or continuous violations.¹⁰⁷ We may adjust a forfeiture downward for a minor violation, good faith or voluntary disclosure, a history of overall compliance, or an inability to pay.¹⁰⁸

27. Section 503(b)(6)(B) of the Act provides that no forfeiture penalty shall be imposed if “the violation charged occurred more than 1 year prior to the date of issuance of the required notice or notice of apparent liability.”¹⁰⁹ In this case, we propose forfeitures for the Company's apparent violations stemming from its failures to: (1) file two Annual Worksheets by April 1, 2022, and April 1, 2023, and six Quarterly Worksheets due by May 1, August 1, and November 1, 2022, and February 1, May 1, and August 1, 2023; (2) submit timely and complete responses the Bureau's LOI by May 27 and June 21, 2022; (3) file two annual CPNI certifications by March 1, 2022, and March 1, 2023; and (4) provide updated contact information in CORES.¹¹⁰

A. Proposed Forfeiture for Apparent Failure to File Worksheets

28. Section 1.80 of the Commission's rules lists a base forfeiture of \$3,000 for the failure to file required forms or information.¹¹¹ Given the importance of the Worksheet filing requirements, however, the Commission has consistently applied an upward adjustment and proposed a forfeiture of \$50,000 for each failure of a service provider to file Worksheets.¹¹² However, the maximum forfeiture permitted under section 503(b)(2)(D) of the Act against the Company is \$23,727 per violation.¹¹³ We therefore propose the maximum permitted forfeiture for each failure to file Worksheets due by: (1) April 1, 2022 (Annual Worksheet); (2) May 1, 2022 (Quarterly Worksheet); (3) August 1, 2022 (Quarterly Worksheet); (4) November 1, 2022 (Quarterly Worksheet); (5) February 1, 2023 (Quarterly Worksheet); (6) April 1, 2023 (Annual Worksheet); (7) May 1, 2023 (Quarterly Worksheet); and (8) August 1, 2023 (Quarterly Worksheet), for a total of \$189,816, which represents \$23,727 for each of the eight apparent violations.

29. In assessing a forfeiture amount, we consider the nature, extent and gravity of the failure to comply with the Worksheet filing requirements to be very serious.¹¹⁴ The Commission and the

¹⁰⁶ See *1997 Forfeiture Guidelines Order*, 12 FCC Rcd at 17110, para. 53 (citing 47 U.S.C. § 503(b)(2)(E)).

¹⁰⁷ 47 CFR § 1.80(b)(10), Tbl. 3 to Para. (b)(10). See also *1997 Forfeiture Guidelines Order*, 12 FCC Rcd at 17098-99, para. 22 (noting that “[a]lthough we have adopted the base forfeiture amounts as guidelines to provide a measure of predictability to the forfeiture process, we retain our discretion to depart from the guidelines and issue forfeitures on a case-by-case basis, under our general forfeiture authority contained in Section 503 of the Act”).

¹⁰⁸ 47 CFR § 1.80(b)(10), Tbl. 3 to Para. (b)(10).

¹⁰⁹ 47 U.S.C. § 503(b)(6)(B).

¹¹⁰ The statute of limitations for the earliest of these apparent violations, which occurred on March 1, 2022, expires September 27, 2023. See *id.*; Tolling Agreement, *supra* note 68; Second Tolling Agreement, *supra* note 68.

¹¹¹ 47 CFR § 1.80(b)(10), Tbl. 1 to Para. (b)(10).

¹¹² E.g., *PTT Phone Cards, Inc.*, Forfeiture Order, 30 FCC Rcd 14701, 14707, para. 19 (2015) (*PTT Forfeiture Order*); *ADMA Telecom, Inc.*, Forfeiture Order, 26 FCC Rcd 4152, 4155, 4162, paras. 9, 28 (2011) (*ADMA Forfeiture Order*); *Globcom, Inc.*, Order of Forfeiture, 21 FCC Rcd 4710, 4720-21, 4727, paras. 26-28, 31, 45 (2006) (*Globcom Forfeiture Order*). The Commission has applied a further upward adjustment to the forfeiture amount when Worksheet filing violations were repeated, and assessed a \$100,000 forfeiture for each failure to file a Worksheet. See, e.g., *Westel, Inc.*, Notice of Apparent Liability for Forfeiture and Order, FCC 23-55, 2023 WL 4682651, at *11 (Jul. 20, 2023); *Pacific Data Sys.*, Notice of Apparent Liability for Forfeiture, DA 23-68, 2023 WL 1067981, at *5 (EB Jan. 25, 2023).

¹¹³ See 47 U.S.C. § 503(b)(2)(D).

¹¹⁴ See 47 U.S.C. § 503(b)(2)(E).

administrators of the USF, TRS Fund, LNP, and NANP rely on the data reported in Worksheets to determine accurate amounts that service providers owe for important funding mechanisms implemented under the Act.¹¹⁵ Stage 2 failed to file 19 Worksheets due between February 1, 2020, and August 1, 2023.¹¹⁶ The ability to assess accurate payment requirements for the USF, TRS Fund, LNP, NANP, and federal regulatory fees depends on every service provider's compliance with the obligations to file accurate Worksheets by each filing deadline. A service provider's repeated failure to file Worksheets impedes the Congressional mandate that each service provider contribute on an equitable and nondiscriminatory basis to the USF,¹¹⁷ and to these other important funding mechanisms arising under the Act. We have also considered the degree of the Company's culpability and repeated violations.¹¹⁸ The Company has an important obligation to file Worksheets by each filing deadline every year. However, Stage 2 has only consistently filed Worksheets between April 2009 and May 2013.¹¹⁹ Outside of this period, the Company has consistently failed to file or to file on time all required Worksheets every year the Company has provided service subject to the filing and payment requirements.¹²⁰ Additionally, since receiving the Bureau's February 10, 2022 LOI concerning compliance with the Worksheet filing requirements, Stage 2 has apparently continued to violate the requirements by failing to file Annual Worksheets due by April 1, 2022 and 2023, and Quarterly Worksheets due by May 1, August 1, November 1, 2022, February 1, May 1, and August 1, 2023. The Company is thus culpable for its repeated filing failures.

B. Proposed Forfeiture for Failure to Respond Fully and Timely to a Bureau LOI

30. Section 503(b)(1)(B) of the Act, in part, provides that a person who willfully or repeatedly fails to comply with a Commission rule or order shall be liable for a forfeiture penalty.¹²¹ As noted above, a letter of inquiry is an order of the Commission, and recipients that fail to provide a complete response on a timely basis can be subjected to a forfeiture penalty.¹²² It is imperative that service providers provide timely, accurate, and complete responses to investigative inquiries to demonstrate their full compliance with the requirements of the Act and the Commission's rules. The Company's failure to provide a timely and complete response to the LOI threatens to compromise the Commission's ability to adequately investigate violations of important regulatory requirements.¹²³

31. Section 1.80 of the Commission's rules specifies a base forfeiture of \$4,000 for a party's failure to respond to Commission communications.¹²⁴ We have discretion, however, to depart from these guidelines, taking into account the particular facts of each individual case.¹²⁵ The Bureau has proposed a

¹¹⁵ See 47 CFR §§ 1.1154, 1.1157, 52.17(a), 52.32, 54.711, 64.604(c)(5)(iii).

¹¹⁶ See USAC Letter, *supra* note 59; 2023 Annual Worksheet Instructions, *supra* note 1, at *10; 2022 Annual Worksheet Instructions, *supra* note 1, at 14176, Att. B, Tbl. 3; 2021 Annual Worksheet Instructions, *supra* note 1, at 13671, Att. B, Tbl. 3; 2020 Annual Worksheet Instructions, *supra* note 1, at 1373.

¹¹⁷ See 47 U.S.C. § 254(d).

¹¹⁸ See *id.* § 503(b)(2)(E); 47 CFR § 1.80(b)(10), Tbl. 3 to Para. (b)(10).

¹¹⁹ See USAC Letter, *supra* note 59, at 1.

¹²⁰ See *id.* at 1-2.

¹²¹ 47 U.S.C. § 503(b)(1)(B).

¹²² See *supra* para. 10.

¹²³ See *Neon Phone NAL*, *supra* note 45, at 7974, para. 24.

¹²⁴ 47 CFR § 1.80, Tbl. 1 to Para. (b)(10).

¹²⁵ 1997 Forfeiture Guidelines Order, *supra* note 105, 12 FCC Rcd at 17098-99, para. 22 (noting that “[a]lthough we have adopted the base forfeiture amounts as guidelines to provide a measure of predictability to the forfeiture process, we retain our discretion to depart from the guidelines and issue forfeitures on a case-by-case basis, under our general forfeiture authority contained in Section 503 of the Act”).

\$100,000 forfeiture for the intentional and egregious failure of a company to respond to an LOI.¹²⁶ Although we find that Stage 2's failures to respond to the LOI in this case were intentional and egregious, the maximum forfeiture permitted under section 503(b)(2)(D) of the Act against the Company is \$23,727 per violation.¹²⁷ We therefore propose the maximum permitted forfeiture for each failure to respond to the LOI by the (1) May 27, 2022 and (2) June 21, 2022 response deadlines, for a total of \$47,454, which represents \$23,727 for each of the two apparent violations.

32. In assessing a forfeiture amount we consider the nature, extent and gravity of the failure to respond completely to the Bureau's LOI.¹²⁸ Stage 2's response failures have serious implications on the Commission's ability to investigate the Company and ensure compliance with the Commission's filing and payment requirements. The Company has an important obligation to respond to a Bureau LOI and is thus culpable for its failure to comply. Furthermore, in this instance, the Company requested and received extensions of time to respond to the LOI and still did not fully respond. The Company's sustained failure to provide complete responses needlessly increased the difficulty of the Bureau's investigation, hindered the Bureau's efforts to assess the Company's compliance with the Commission's filing and payment requirements, and caused the expenditure of additional Commission resources.

C. Proposed Forfeiture for Failure to File CPNI Certifications

33. As discussed above, every service providers' compliance with the Commission's requirements to protect CPNI and file annual CPNI certifications is of the utmost importance. Section 1.80(b) of the Commission's rules establishes a base forfeiture of \$3,000 for the failure to file a required form or information.¹²⁹ We have the discretion to depart from these guidelines, taking into account the particular facts of each individual case.¹³⁰ Section 1.80 of the Commission's rules also provides for an upward adjustment to forfeiture amounts for prior violations of any FCC requirements, and for repeated or continuous violations.¹³¹ An upward adjustment to the base forfeiture for Stage 2's repeated failures to file its CPNI certifications is appropriate.¹³² Although each of Stage 2's 10 certification filing failures for 2014 through 2023 is an apparent violation of the Commission's rules, we only propose forfeitures for the two filing failures that occurred within the statute of limitations. We propose the maximum forfeiture permitted under section 503(b)(2)(D) of the Act against the Company for each failure to file CPNI certifications by the (1) March 1, 2022 and (2) March 1, 2023 filing deadlines, for a total of \$47,454, which represents \$23,727 for each of the two apparent violations.

34. In assessing a forfeiture amount, we consider the nature, extent, and gravity of the failure to comply with the CPNI certification requirements, the degree of Stage 2's culpability, and its history of violations.¹³³ Section 222 of the Act and the Commission's rules require Stage 2 to protect the

¹²⁶ See *Quadrant Holdings, LLC*, Notice of Apparent Liability for Forfeiture, DA 22-825, 2022 WL 3339390, *5, paras. 16-17 (EB Aug. 5, 2022) ("The egregiousness and intentional nature of [the] misconduct, as well as [the company's] ability to pay, considered in conjunction with the deterrent effect of the proposed forfeiture, dictate that [the company] be held liable for an amount significantly higher than the base forfeiture set for the relevant misconduct.").

¹²⁷ See 47 U.S.C. § 503(b)(2)(D).

¹²⁸ See *id.* § 503(b)(2)(E).

¹²⁹ 47 CFR § 1.80(b)(10), Tbl. 1 to Para. (b)(10).

¹³⁰ See *1997 Forfeiture Guidelines Order*, *supra* note 105, at 17098-99, para. 22.

¹³¹ 47 CFR § 1.80(b)(10), Tbl. 3 to Para. (b)(10).

¹³² The Bureau has proposed \$25,000 forfeitures against companies for failing to file CPNI certifications when service providers repeatedly failed to file the certifications. See *Annual CPNI Certification*, Omnibus Notice of Apparent Liability for Forfeiture and Order, 26 FCC Rcd 2160, 2162, para. 8 (EB 2011); *Annual CPNI Certification*, Omnibus Notice of Apparent Liability for Forfeiture, 25 FCC Rcd 1790, 1792, para. 6 (EB 2010).

¹³³ See 47 U.S.C. § 503(b)(2)(E); 47 CFR § 1.80(b)(10), Tbl. 3 to Para. (b)(10).

confidentiality of its subscribers' CPNI.¹³⁴ The Commission's rules further require that Stage 2 file annual certifications confirming that the Company has protected its customers' private and sensitive personal data.¹³⁵ To ensure protection of customers' data, strict compliance with the Commission's CPNI rules is critically important. According to the Commission's records, however, Stage 2 has not filed a CPNI certification since 2013.¹³⁶ Stage 2's record of repeated noncompliance demonstrates a blatant disregard for the Commission's CPNI protection requirements. In this case, we propose a forfeiture of \$47,454 against Stage 2 for the Company's failures to file CPNI certifications due by March 1 of 2022 and 2023.

35. Given the accumulating record of investigation targets' non-compliance with the Commission's CPNI certification rule, service providers contemplating failures to file certifications on time are on notice that we are prepared to impose substantially higher upward adjustments in future enforcement actions. Future enforcement items for the failure to file CPNI certifications could include proposed forfeitures of \$50,000 or higher per violation, consistent with the application of the factors in section 503(b)(2)(E) of the Act, our *1997 Forfeiture Guidelines Order*, and section 1.80 of the Commission's rules.¹³⁷

D. Proposed Forfeiture for Failure to Update CORES

36. While section 1.80(b) of the Commission's rules establishes a base forfeiture of \$3,000 for the failure to file a required form or information,¹³⁸ we have the discretion to depart from these guidelines, taking into account the particular facts of each individual case.¹³⁹ Section 1.80 of the Commission's rules also provides for an upward adjustment to forfeiture amounts for prior violations of any FCC requirements, and for repeated or continuous violations.¹⁴⁰ We find an upward adjustment for Stage 2's continuous failures to update its CORES information is warranted. The Commission has previously found that a forfeiture of \$30,000 is appropriate to deter noncompliance with the Commission's CORES requirements.¹⁴¹ In this case, we propose a forfeiture of \$23,727, the maximum forfeiture permitted under section 503(b)(2)(D) of the Act,¹⁴² for Stage 2's failure to update its CORES

¹³⁴ See 47 U.S.C. § 222; see also 47 CFR §§ 64.2001-2011.

¹³⁵ See 47 CFR § 64.2009(e).

¹³⁶ See Fed. Comm'n's Comm'n, *CPNI Template Submission*, https://apps.fcc.gov/eb/CPNI/fccCPNI_display.cfm (last visited Aug. 10, 2023).

¹³⁷ See 47 U.S.C. § 503(b)(2)(e); 47 CFR § 1.80; *1997 Forfeiture Guidelines*, *supra* note 105. In addition, the Commission's forfeiture assessments are subject to the statutory maximum forfeiture amounts established in 47 U.S.C. § 503(b), as adjusted for inflation. Maximum forfeiture amounts are adjusted annually for inflation under the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 (2015 Inflation Adjustment Act). Pub. L. No. 114-74, § 701, 129 Stat. 584, 599 (2015). The 2015 Inflation Adjustment Act amended the Federal Civil Penalties Inflation Adjustment Act of 1990, which is codified, as amended, at 28 U.S.C. § 2461 note (1990 Inflation Adjustment Act). Federal agencies must annually adjust civil monetary penalties, and publish each annual adjustment by January 15. 1990 Inflation Adjustment Act § 4(a). The 2015 Inflation Adjustment Act provides that the new penalty levels shall apply to penalties assessed after the effective date of the increase, "including [penalties] whose associated violation predated such increase." 1990 Inflation Adjustment Act § 6.

¹³⁸ 47 CFR § 1.80(b)(10), Tbl. 1 to Para. (b)(10).

¹³⁹ See *1997 Forfeiture Guidelines*, *supra* note 105, at 17098-99, para. 22.

¹⁴⁰ 47 CFR § 1.80(b)(10), Tbl. 3 to Para. (b)(10).

¹⁴¹ See *PayG, LLC*, Notice of Apparent Liability for Forfeiture, FCC 22-69, 2022 WL 4245060, *13 (Sept. 14, 2022).

¹⁴² See 47 U.S.C. § 503(b)(2)(D).

information on a timely basis in apparent violation of section 1.8002(b)(2) of the Commission's rules.¹⁴³

37. In assessing a forfeiture amount, we consider the nature, extent and gravity of the failure to comply with the CORES requirements, and the degree of Stage 2's culpability and its history of non-compliance.¹⁴⁴ The requirements are administrative but important functions. The public interest is best served when the Commission is able to use resources efficiently. Commission staff should not need to expend significant resources to locate an investigation target. Although Stage 2 acknowledged in response to the Bureau's LOI that the Company's contact information changed, 16 months later, Stage 2 has still not updated CORES. This record of continuous noncompliance demonstrates a blatant disregard for the Commission's CORES requirements.

E. Total Proposed Forfeiture

38. Consistent with the Act and the Commission's rules,¹⁴⁵ we have exercised our discretion and considered the specific circumstances related to the Company and the violations it apparently committed, and we find the Company apparently liable for a forfeiture of \$308,451. The total proposed forfeiture includes a proposed forfeiture of (a) \$189,816 for the Company's failures to file Worksheets; (b) \$47,454 for the Company's failures to respond fully to an LOI by the response deadlines; (c) \$47,454 for the Company's failures to file annual CPNI certifications; and (d) \$23,727 for the Company's failure to update CORES.¹⁴⁶

V. CONCLUSION

39. We have determined that Stage 2 apparently willfully and repeatedly violated sections 1.8002(b)(2), 52.17(b), 52.32(b), 54.711(a), 64.2009(e), and 64.604(c)(5)(iii)(B) of the Commission's rules and Commission orders by failing to file Worksheets, failing to respond to the Bureau's LOI fully and on time, failing to file annual CPNI certifications, and failing to update CORES.¹⁴⁷ As such, Stage 2 is apparently liable for a forfeiture of \$308,451.

VI. ORDERING CLAUSES

40. Accordingly, **IT IS ORDERED** that, pursuant to section 503(b) of the Act, 47 U.S.C. § 503(b), and section 1.80 of the Commission's rules, 47 CFR § 1.80, Stage 2 Networks, LLC is hereby **NOTIFIED** of this **APPARENT LIABILITY FOR A FORFEITURE** in the amount of three hundred and eight thousand four hundred and fifty-one dollars (\$308,451) for apparent violations of sections 1.8002(b)(2), 52.17(b), 52.32(b), 54.711(a), 64.2009(e) and 64.604(c)(5)(iii)(B) of the Commission's rules, 47 CFR §§ 1.8002(b)(2), 52.17(b), 52.32(b), 54.711(a), 64.2009(e), and 64.604(c)(5)(iii)(B), and Commission orders.¹⁴⁸

41. **IT IS FURTHER ORDERED** that, pursuant to section 1.80 of the Commission's rules,

¹⁴³ See 47 CFR § 1.8002(b)(2).

¹⁴⁴ See 47 U.S.C. § 503(b)(2)(E); 47 CFR § 1.80(b)(10), Tbl. 3 to Para. (b)(10).

¹⁴⁵ See 47 U.S.C. § 503(b)(2)(E); 47 CFR § 1.80(b)(10), Tbl. 3 to Para. (b)(10).

¹⁴⁶ Any entity that is a "Small Business Concern" as defined in the Small Business Act (Pub. L. 85-536, as amended) may avail itself of rights set forth in that Act, including rights set forth in 15 U.S.C. § 657, "Oversight of Regulatory Enforcement," in addition to other rights set forth herein.

¹⁴⁷ 47 CFR §§ 1.8002(b)(2), 52.17(b), 52.32(b), 54.711(a), 64.2009(e), and 64.604(c)(5)(iii)(B); *2023 Annual Worksheet Instructions*, *supra* note 1, at 2022 WL 10379829, Att. B, Tbl. 3; *2022 Annual Worksheet Instructions*, *supra* note 1, at 14176, Att. B, Tbl. 3; *2021 Annual Worksheet Instructions*, *supra* note 1, at 13671, Att. B, Tbl. 3; *2020 Annual Worksheet Instructions*, *supra* note 1, at 1373.

¹⁴⁸ See *2023 Annual Worksheet Instructions*, *supra* note 1, at 2022 WL 10379829, Att. B, Tbl. 3; *2022 Annual Worksheet Instructions*, *supra* note 1, at 14176, Att. B, Tbl. 3; *2021 Annual Worksheet Instructions*, *supra* note 1, at 13671, Att. B, Tbl. 3; *2020 Annual Worksheet Instructions*, *supra* note 1, at 1373.

47 CFR § 1.80, within thirty (30) calendar days of the release date of this Notice of Apparent Liability for Forfeiture and Order, Stage 2 Networks, LLC **SHALL PAY** the full amount of the proposed forfeiture or **SHALL FILE** a written statement seeking reduction or cancellation of the proposed forfeiture consistent with paragraph 44 below.

42. In order for Stage 2 Networks, LLC to pay the proposed forfeiture, Stage 2 Networks, LLC shall notify Patrick McGrath at Patrick.McGrath@fcc.gov, Kalun Lee at Kalun.Lee@fcc.gov, Georgina Feigen at Georgina.Feigen@fcc.gov, David Janas at David.Janas@fcc.gov, and Pam Slipakoff at Pam.Slipakoff@fcc.gov of its intent to pay, whereupon an invoice will be posted in the Commission's Registration System (CORES) at <https://apps.fcc.gov/core/userLogin.do>. Upon payment, Stage 2 Networks, LLC shall send electronic notification of payment to Patrick McGrath at Patrick.McGrath@fcc.gov, Kalun Lee at Kalun.Lee@fcc.gov, Georgina Feigen at Georgina.Feigen@fcc.gov, David Janas at David.Janas@fcc.gov, and Pam Slipakoff at Pam.Slipakoff@fcc.gov on the date said payment is made. Payment of the forfeiture must be made by credit card using CORES at <https://apps.fcc.gov/core/userLogin.do>, ACH (Automated Clearing House) debit from a bank account, or by wire transfer from a bank account. The Commission no longer accepts forfeiture payments by check or money order. Below are instructions that payors should follow based on the form of payment selected:¹⁴⁹

- Payment by wire transfer must be made to ABA Number 021030004, receiving bank TREAS/NYC, and Account Number 27000001. In the OBI field, enter the FRN(s) captioned above and the letters "FORF". In addition, a completed Form 159¹⁵⁰ or printed CORES form¹⁵¹ must be faxed to the Federal Communications Commission at 202-418-2843 or e-mailed to RROGWireFaxes@fcc.gov on the same business day the wire transfer is initiated. Failure to provide all required information in Form 159 or CORES may result in payment not being recognized as having been received. When completing FCC Form 159 or CORES, enter the Account Number in block number 23A (call sign/other ID), enter the letters "FORF" in block number 24A (payment type code), and enter in block number 11 the FRN(s) captioned above (Payor FRN).¹⁵² For additional detail and wire transfer instructions, go to <https://www.fcc.gov/licensing-databases/fees/wire-transfer>.
- Payment by credit card must be made by using CORES at <https://apps.fcc.gov/core/userLogin.do>. To pay by credit card, log-in using the FCC Username associated to the FRN captioned above. If payment must be split across FRNs, complete this process for each FRN. Next, select "Manage Existing FRNs | FRN Financial | Bills & Fees" from the CORES Menu, then select FRN Financial and the view/make payments option next to the FRN. Select the "Open Bills" tab and find the bill number associated with the NAL Acct. No. The bill number is the NAL Acct. No. with the first two digits excluded (e.g., NAL 1912345678 would be associated with FCC Bill Number 12345678). After selecting the bill for payment, choose the "Pay by Credit Card" option. Please note that there is a \$24,999.99 limit on credit card transactions.
- Payment by ACH must be made by using CORES at <https://apps.fcc.gov/core/userLogin.do>. To pay by ACH, log in using the FCC Username associated to the FRN captioned above. If payment must be split across FRNs, complete this process for each FRN. Next, select "Manage Existing

¹⁴⁹ For questions regarding payment procedures, please contact the Financial Operations Group Help Desk by phone at 1-877-480-3201 (option #1).

¹⁵⁰ FCC Form 159 is accessible at <https://www.fcc.gov/licensing-databases/fees/fcc-remittance-advice-form-159>

¹⁵¹ Information completed using the Commission's Registration System (CORES) does not require the submission of an FCC Form 159. CORES is accessible at <https://apps.fcc.gov/core/userLogin.do>.

¹⁵² Instructions for completing the form may be obtained at <http://www.fcc.gov/Forms/Form159/159.pdf>.

FRNs | FRN Financial | Bills & Fees” on the CORES Menu, then select FRN Financial and the view/make payments option next to the FRN. Select the “Open Bills” tab and find the bill number associated with the NAL Acct. No. The bill number is the NAL Acct. No. with the first two digits excluded (e.g., NAL 1912345678 would be associated with FCC Bill Number 12345678). Finally, choose the “Pay from Bank Account” option. Please contact the appropriate financial institution to confirm the correct Routing Number and the correct account number from which payment will be made and verify with that financial institution that the designated account has authorization to accept ACH transactions.

43. Any request for making full payment over time under an installment plan should be sent to: Chief Financial Officer—Financial Operations, Federal Communications Commission, 45 L Street, NE, Washington, D.C. 20554.¹⁵³ Questions regarding payment procedures should be directed to the Financial Operations Group Help Desk by phone, 1-877-480-3201, or by e-mail, ARINQUIRIES@fcc.gov.

44. The written statement seeking reduction or cancellation of the proposed forfeiture, if any, must include a detailed factual statement supported by appropriate documentation and affidavits pursuant to sections 1.16 and 1.80(f)(3) of the Commission’s rules, 47 CFR §§ 1.16, 1.80(f)(3). The written statement must be mailed to the Office of the Secretary, Federal Communications Commission, 45 L Street, NE, Washington, D.C. 20554, ATTN: Enforcement Bureau – Investigation and Hearing Division, and must include the NAL/Account Number referenced in the caption. The statement must also be e-mailed to Patrick.McGrath@fcc.gov, Kalun.Lee@fcc.gov, Georgina.Feigen@fcc.gov, David.Janas@fcc.gov, Pam.Slipakoff@fcc.gov, and EnforcementBureauIHD@fcc.gov.

45. The Commission will not consider reducing or canceling a forfeiture in response to a claim of inability to pay unless the petitioner submits the following documentation: (1) federal tax returns for the past three years; (2) financial statements for the past three years prepared according to generally accepted accounting practices; or (3) some other reliable and objective documentation that accurately reflects the petitioner’s current financial status.¹⁵⁴ Any claim of inability to pay must specifically identify the basis for the claim by reference to the financial documentation. Inability to pay, however, is only one of several factors that the Commission will consider in determining the appropriate forfeiture, and we retain the discretion to decline reducing or canceling the forfeiture if other prongs of 47 U.S.C. § 503(b)(2)(E) support that result.¹⁵⁵

46. **IT IS FURTHER ORDERED** that, pursuant to sections 1.8002(b)(2), 52.17(b), 52.32(b), 54.711(a), 64.604(c)(5)(iii)(B), 64.2009(e) of the Commission’s rules, 47 CFR §§ 1.8002(b)(2), 52.17(b), 52.32(b), 54.711(a), 64.604(c)(5)(iii)(B), 64.2009(e), and the Commission’s orders,¹⁵⁶ within 30 days, Stage 2 Networks, LLC **SHALL FILE** (1) the Company’s 2020 through 2023 Annual Worksheets and all Quarterly Worksheets that were due within the last 45 days; (2) the Company’s 2014 through 2023

¹⁵³ See 47 CFR § 1.1914.

¹⁵⁴ 47 U.S.C. § 503(b)(2)(E).

¹⁵⁵ See, e.g., *Ocean Adrian Hinson, Surry County, North Carolina*, Forfeiture Order, 34 FCC Rcd 7619, 7621, para. 9 & n.21 (2019); *Vearl Pennington and Michael Williamson*, Forfeiture Order, 34 FCC Rcd 770, 778, paras. 18–21 (2019); *Fabrice Polynice, Harold Sido and Veronise Sido, North Miami, Florida*, Forfeiture Order, 33 FCC Rcd 6852, 6860–62, paras. 21–25 (2018); *Adrian Abramovitch Forfeiture Order* 33 FCC Rcd at 4678–79, paras. 44–45 (2018); *Purple Communications, Inc.*, Forfeiture Order, 30 FCC Rcd 14892, 14903–904, paras. 32–33 (2015); *TV Max, Inc., et al.*, Forfeiture Order, 29 FCC Rcd 8648, 8661, para. 25 (2014).

¹⁵⁶ See *2023 Annual Worksheet Instructions*, *supra* note 1, at 2022 WL 10379829, Att. B, Tbl. 3; *2022 Annual Worksheet Instructions*, *supra* note 1, at 14176, Att. B, Tbl. 3; *2021 Annual Worksheet Instructions*, *supra* note 1, at 13671, Att. B, Tbl. 3; *2020 Annual Worksheet Instructions*, *supra* note 1, at 1373; see also Universal Service Administrative Company, *When to File*, <https://www.usac.org/service-providers/contributing-to-the-usf/when-to-file/> (last visited Aug. 10, 2023).

CPNI certifications, and (3) current contact information in CORES. The failure of Stage 2 Networks, LLC to comply with these directives shall constitute a violation of a Commission order, entitling the Commission to exercise any and all rights and remedies authorized by law for the enforcement of a Commission order, including a forfeiture of up to the maximum forfeiture permitted under the Act, as adjusted for inflation, which is currently \$23,727 for each violation.¹⁵⁷

47. **IT IS FURTHER ORDERED** that a copy of this Notice of Apparent Liability for Forfeiture and Order shall be sent by first class mail and certified mail, return receipt requested, to George Panagiotou, Non-Managing Member, Stage 2 Networks, LLC, P.O. Box 398, Berkeley Heights, NJ, 07922 and to Jeffrey A. Mitchell, Esq., Mitchell Law, PLLC, 2917 39th Street NW, Washington, D.C. 20016.

FEDERAL COMMUNICATIONS COMMISSION

Marlene H. Dortch
Secretary

¹⁵⁷ See 47 U.S.C. § 503(b)(2)(D); 47 CFR § 1.80(b)(2); *Amendment of Section 1.80(b) of the Comm'n's Rules, Adjustment of Civil Monetary Penalties to Reflect Inflation*, Order, DA 22-1356, 2022 WL 18023008 (EB Dec. 23, 2022).