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**For Immediate Release****FCC SETTLES NEW YORK CITY E-RATE INVESTIGATION WITH VERIZON*****More Than \$17 Million to Be Returned to the Universal Service Fund and Appeal Rights to More than \$100 Million in E-rate Support to Be Surrendered***

WASHINGTON, October 17, 2017—The Federal Communications Commission today announced a settlement with Verizon for possible violations of the FCC’s competitive bidding rules for the E-rate program. Verizon agreed to pay \$17.68 million to resolve parallel investigations by the FCC and U.S. Department of Justice, \$17.325 million of which will be repaid to the Universal Service Fund (USF). Verizon has further agreed to withdraw any rights it may have to hundreds of millions of dollars in requested and undisbursed E-rate support.

This settlement follows an investigation into Verizon’s involvement with New York City schools’ use of the E-rate program. The Commission’s Enforcement Bureau conducted its investigation in parallel with the U.S. Department of Justice Civil Fraud Section and U.S. Attorney’s Office for the Southern District of New York. In related actions, former New York City Department of Education consultant Willard “Ross” Lanham was convicted by a federal jury sitting in the Southern District of New York. In December 2015, the Commission [settled](#) a related investigation with the New York City Department of Education.

The Schools and Libraries Universal Service Program, known as E-rate, subsidizes telecommunications, Internet access, and Wi-Fi services for schools and libraries. E-rate is funded by the Universal Service Fund under rules established by the FCC. The program is designed to bring modern broadband connectivity to students, teachers and library patrons. Program applicants must seek competitive bids from prospective service providers and must treat the price-eligible products and services as the primary factor when selecting amongst competing service providers.

To resolve the FCC and Justice Department investigations, Verizon will pay \$17.325 million to the Universal Service Fund through the FCC settlement and \$354,634 to the U.S. Treasury through the Justice Department settlement. In addition, Verizon will surrender any claims against the Universal Service Fund it may have to approximately \$7,303,668 in undisbursed E-rate support for products and services provided to the New York City Department of Education between Funding Years 2002 and 2013. Furthermore, Verizon will surrender any appeal rights before the Universal Service Administrative Company and the FCC in connection with more than \$100 million in E-rate support for which the New York City Department of Education has withdrawn requests for support through its 2015 settlement with the FCC. As part of the FCC’s settlement, Verizon will also operate under a compliance plan for three years.

While the Commission adopted the consent decree in May 2017, it has not been released until today in order to allow for a global settlement which includes the U.S. Department of Justice. The Department of Justice settlement with Verizon has been submitted to the Court for approval in the Southern District of New York today.

A copy of today's FCC settlement, formally called a Consent Decree and Order, is available at: [https://apps.fcc.gov/edocs\\_public/attachmatch/FCC-17-64A1.pdf](https://apps.fcc.gov/edocs_public/attachmatch/FCC-17-64A1.pdf).

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*This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action. See MCI v. FCC, 515 F.2d 385 (D.C. Cir. 1974)*