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**For Immediate Release**

**FCC PROPOSES IMPOSING \$18.7 MILLION FINE ON COMPANY  
FOR ALLEGEDLY DEFRAUDING RURAL HEALTH CARE  
PROGRAM**

***DataConnex Apparently Violated Competitive Bidding and Rate Rules to  
Unlawfully Secure Support from the Universal Service Fund***

WASHINGTON, January 30, 2018—The Federal Communications Commission today proposed an \$18,715,405 fine against DataConnex for apparent violations involving the Universal Service Fund Rural Health Care Program. The Florida- and Mississippi-based telecommunications services provider is charged with violating the Communications Act, the program's competitive bidding rules, and using forged, false, misleading, and unsubstantiated documents to improperly seek funding from the Universal Service Fund (USF). DataConnex's apparent financial relationship with a consultant hired by rural health care providers to help select a service provider undermined the competitive bidding process. DataConnex also apparently provided false and misleading information to unlawfully increase the USF funding it received.

The Rural Health Care Program provides funding to eligible health care providers for communications services. The program seeks to improve the quality of health care available to patients in rural communities by ensuring that eligible providers have access to telecommunications and broadband services. The program requires that rural health care providers select the most cost-effective method of providing the service through a fair and open competitive bidding process. Under the Telecommunications Program of the Rural Health Care Program, service providers receive Universal Service Fund payments that are calculated as the difference between the higher rural rate for telecommunications services charged to the rural health care provider and the generally lower urban rate for similar services in any city with a population of 50,000 or more within that state.

In its investigation, the FCC's Enforcement Bureau found that DataConnex's relationship with a consultant called Healthcare Connect United enabled DataConnex to influence both sides of the bidding process for providing telecommunications services to rural health care providers. From 2014 through 2016, DataConnex paid more than \$220,000 to Harrison & Howard Advisors, a company under common ownership with Healthcare Connect United. Healthcare Connect United represented rural health care providers in the program and managed their competitive bidding processes. DataConnex held itself out to rural health care providers as just another service provider while Healthcare Connect United professed to be an independent representative whose loyalty was to the rural health care providers.

DataConnex and Healthcare Connect United apparently developed coordinated plans and strategies targeting rural health care providers, and undermined the basic fairness required of

competitive bidding. DataConnex apparently encouraged rural health care providers to retain Healthcare Connect United as their consultant prior to the initiation of the competitive bidding process. In many instances, after Healthcare Connect United was retained to help manage the bid process, DataConnex was awarded program contracts by these rural health care providers. The evidence further shows that, in connection with at least six rural health care providers represented by Healthcare Connect United, DataConnex paid Harrison & Howard Advisors in apparent connection with contracts DataConnex was awarded once the rural health care providers began paying DataConnex for their telecommunications services. The Enforcement Bureau determined that the rural health care providers were not aware of the financial relationship between DataConnex and Harrison & Howard Advisors/Healthcare Connect United.

DataConnex also apparently created urban rate letters that were based on forged, false, misleading, and unsubstantiated documents to increase its support from the USF.

Action by the Commission January 30, 2018 by Notice of Apparent Liability for Forfeiture (FCC 18-9). Chairman Pai, Commissioners Clyburn, O’Rielly, Carr and Rosenworcel approving. Chairman Pai, Commissioners Clyburn and Carr issuing separate statements.

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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).*