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AT&T AGREES TO SETTLE ALLEGATIONS INVOLVING IP RELAY SERVICES PROVIDED TO HEARING- AND SPEECH-IMPAIRED PERSONS

WASHINGTON – AT&T has agreed to settle allegations that it violated the False Claims Act in connection with a program administered by the Federal Communications Commission (FCC), the Department of Justice announced today. The settlement resolves a civil lawsuit in which the government alleged that AT&T knowingly overbilled the Telecommunications Relay Services (TRS) Fund, which compensates IP Relay service providers for placing calls on behalf of hearing- or speech-impaired individuals in the U.S.

"The TRS program provides vital communication assistance to hearing- and speech-impaired Americans," said Assistant Attorney General for the Justice Department's Civil Division Stuart F. Delery. "We are committed to protecting the integrity of the program, and the public funds used to support it, to ensure that hearing- and speech-impaired citizens can place emergency and other important phone calls."

The settlement announced today involves the FCC's IP Relay Program, which reimburses telecommunications companies that provide phone service for hearing- and speech-impaired individuals. Under this program, the companies employ communications assistants who facilitate calls to and from hearing- and speech-impaired citizens through instant messaging software. The companies are entitled to a per-minute reimbursement for each call that they handle.

The government alleged that, from December 2009 through December 2011, as much as 80 percent of the calls for which AT&T claimed reimbursement were ineligible because the calls did not originate in the U.S. or were not placed by hearing- or speech-impaired individuals. The government further alleged that it was common knowledge among AT&T communication assistants that a large percentage of their callers were from Nigeria or other foreign countries, and that they were using the TRS program to perpetrate credit card and other fraud schemes.

In 2008, the FCC issued two orders that required AT&T and other providers to register all callers and to institute procedures to verify registration information for their callers. Allegedly, AT&T initially used a postcard verification system for its IP Relay users, but the postcard system verified only a fraction of its users. Concerned about a potential drop in its IP Relay call volume, AT&T switched to a more relaxed eRegistration procedure. Upon switching to the eRegistration procedure, AT&T's registrations increased from approximately two users per day to between 40 and 100 per day. Many of the users registered by AT&T through its eRegistration system provided AT&T with nonsensical or false names, e-mail addresses or street addresses including, for example, names composed of purely random letters such as "nbdk" or "jhgfajhs". Despite receiving nonsensical and false registration information, AT&T enrolled the users and subsequently billed the government for their calls.

On May 7, 2013, AT&T entered into a consent decree with the FCC that resolved allegations based on conduct related to the subject matter of today's settlement. Pursuant to that consent decree, AT&T paid a total of $18.25 million. Under the settlement announced today, AT&T has agreed to pay an additional $3.5 million to resolve its remaining liability under the False Claims Act.

"We would like to thank the Department of Justice for its assistance in ensuring the integrity of the TRS fund," said Chief of the FCC's Enforcement Bureau Michele Ellison. "Combined with our previous enforcement actions, today's settlement makes it clear that we will not tolerate abuse of this system, which is vital to millions of Americans."

The government's investigation was initiated by a *qui tam*, or whistleblower, lawsuit filed under the False Claims Act, which permits private citizens to bring lawsuits on behalf of the government and to share in any recovery. The lawsuit was filed in federal district court in Pittsburgh by Constance Lyttle. Lyttle will receive $525,000.

This case was handled by the U.S. Department of Justice Civil Division, Commercial Litigation Branch; the U.S. Attorney's Office for the Western District of Pennsylvania and the FCC Office of the Inspector General and Office of the General Counsel.

The claims resolved by this settlement are allegations only, and there has been no determination of liability. The lawsuit is captioned *United States ex rel. Lyttle v. AT&T Corp.*, Civil Action No. 2:10-cv-01376-NBF-RCM (W.D. Pa.).

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