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For Immediate Release**FCC ANNOUNCES \$31 MILLION RURAL HEALTH CARE PROGRAM SETTLEMENT WITH TELEQUALITY COMMUNICATIONS*****Investigation Found Competitive Bidding and Rate Violations, Including Fabricated Sales Quotes***

WASHINGTON, February 5, 2020—The Federal Communications Commission’s Enforcement Bureau today announced a \$31 million settlement with TeleQuality Communications for violating competitive bidding and rate rules and overbilling the FCC’s Rural Health Care Program. The settlement requires TeleQuality to provide the Universal Service Fund with \$31 million worth of repayments and forfeitures of payment claims as a sanction.

“The FCC is determined to root out waste, fraud, and abuse in our Universal Service Fund programs, including the Rural Health Care program. This settlement will put participants in our Rural Health Care program and other USF programs on notice—they can’t get away with diverting and misusing taxpayer funds meant to benefit American consumers by closing the digital divide,” said Chairman Pai. “We have made combatting abuse of our programs a priority and, to that end, we established a Fraud Division within the Enforcement Bureau dedicated to that fight. I thank the Bureau staff for their hard work and dedication to protecting the integrity of the Rural Health Care program.”

Over a four-year period, from 2015-2018, the company admits to using fabricated sales quotes as urban rates and failing to use FCC-required methods for determining rural rates. In violation of competitive bidding rules, TeleQuality assisted health care providers in creating the bid evaluation criteria and bid matrices against which TeleQuality’s bids would be judged. They also provided improper incentives like free routers and other equipment to providers to encourage them to award TeleQuality the contracts. In addition, from 2010 to 2019, TeleQuality improperly reported its revenues in an attempt to shield itself from contributing to the Universal Service Fund.

The Rural Health Care Program’s Telecom Program helps ensure that eligible health care providers in rural areas, where telecommunications costs can be high, have affordable access to telecommunications services that are vital for providing health care. To do this, the program pays the difference between the state’s average urban rate for comparable services, and the higher rural rate.

The San Antonio, Texas-based TeleQuality was acquired by Education Networks of America in January 2018 and has installed new management. TeleQuality has agreed to a compliance plan which requires it to designate a compliance officer, establish new operating procedures to

ensure compliance with FCC rules, file regular reports on its compliance to the FCC for the next five years, and promptly report any new violations.

Today's settlement, formally known as a Consent Decree, is available at:
<https://docs.fcc.gov/public/attachments/DA-20-69A1.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).