



NEWS

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See MCI v. FCC, 515 F 2d 385 (D.C. Circ 1974).

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ENFORCEMENT BUREAU SETTLES INVESTIGATIONS OF PURPLE COMMUNICATIONS, INC.

Settlement Requires Payments in Excess of \$22 Million for Alleged Abuse of Fund That Supports Vital Service for Persons with Hearing or Speech Disabilities

Today, the FCC's Enforcement Bureau released a consent decree with Purple Communications, Inc. that requires the company to pay approximately \$22 million to the Telecommunications Relay Service (TRS) Fund, resolving Bureau investigations into whether Purple overbilled the TRS Fund by artificially inflating TRS usage. TRS is a vital service that allows people with hearing or speech disabilities to communicate over the telephone -- through an interpreter -- with people who do not have such disabilities. The Americans with Disabilities Act established the TRS Fund, under the FCC's oversight, to ensure that individuals with hearing or speech disabilities who use TRS can do so at the same rates hearing people pay for regular telephone service. TRS providers like Purple are paid for their services through the TRS Fund. Further information about TRS is available at the FCC's website at <http://www.fcc.gov/cgb/consumerfacts/trs.html>.

The issues under investigation by the Enforcement Bureau included whether the company unlawfully offered financial incentives or rewards simply to inflate TRS usage and billables, and double-recovered for certain business-related calls. The \$22 million settlement resolves the Bureau's investigation, establishes the terms of Purple's repayment of the TRS Fund, and creates a robust compliance framework for Purple's continued provision of TRS.

Under the terms of the settlement, Purple must:

- repay \$18.5 million to the TRS Fund over a period of five years, plus an additional \$3.1 million in interest and penalties;
- make a \$550,000 payment to the U.S. Treasury; and
- adopt a detailed compliance plan designed to ensure that the company strictly adheres to the Commission's TRS rules.

The Compliance Plan required by the settlement obligates Purple to appoint a compliance director, establish an FCC Regulatory Committee of its Board of Directors to ensure high-level management oversight of its compliance efforts, provide comprehensive training to all employees regarding FCC regulations, conduct detailed compliance reviews of all programs involving the generation of new TRS business, certify to the accuracy of its requests for reimbursement from the TRS Fund,

review those submissions for anomalous calling patterns that could indicate misuse of TRS, and immediately take steps to correct any incorrect reimbursement requests.

FCC Enforcement Bureau Chief Michele Ellison stated: “We simply will not tolerate abuse of the TRS Fund. Every dollar misappropriated from this Fund is ultimately a dollar taken from consumers. Today’s settlement strikes the right balance: it requires full repayment of the TRS Fund and compels an overhaul of Purple’s business practices; at the same time, it enables Purple to continue providing vital relay services to individuals with hearing or speech disabilities. We will remain vigilant in protecting the public trust -- the millions of Americans with hearing or speech disabilities deserve no less.”

Ms. Ellison also said: “I want to express my appreciation for the cooperative efforts of our FCC colleagues who worked with the Enforcement Bureau to resolve this matter, particularly those in the Office of General Counsel, Office of the Managing Director, and Consumer and Governmental Affairs Bureau.”

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