Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
DataConnex, LLC	)	File No.: EB-IHD-15-00020296
	)	NAL/Acct. No.: 201832080002
	)	FRN: 0024163537
	)	

NOTICE OF APPARENT LIABILITY FOR FORFEITURE AND ORDER

Adopted: January 30, 2018 **Released: January 30, 2018**

By the Commission: Chairman Pai and Commissioners Clyburn and Carr issuing separate statements.

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I. INTRODUCTION

1. The federal Rural Health Care Program (RHC Program) ensures that eligible rural healthcare providers have access to telecommunications necessary to their delivery of essential health care services to families and individuals living and working in rural and remote parts of the country.[1] Through this program, the Commission facilitates the availability of cutting edge medical services to rural communities, including broadband and high-speed telecommunications services and internet connectivity.[2] Parties that defraud or otherwise harm the RHC Program not only deprive the program of much-needed funds, but also potentially harm millions of rural Americans, who may end up paying more for necessary medical services or forgoing them altogether.

2. From at least 2014 through the present, DataConnex, LLC (DataConnex), a reseller of telecommunications services, received millions of dollars from the RHC Program's Telecom Program to

[1] *See* 47 U.S.C. §§ 254(h)(1)(A), (h)(2)(A).

[2] The RHC Program includes two subprograms: the Telecommunications Program (Telecom Program) and the Healthcare Connect Fund (HCF). While the NAL references the RHC Program generally, the apparent rule violations at issue in this NAL concern the Telecom Program. *See infra* Sections III, IV, V; *see also* 47 CFR §§ 54.603, 54.605, 54.609, and 54.615.

which it was apparently not entitled. DataConnex's apparently wrongful conduct includes, but is not limited to:

- engaging in an undisclosed multiyear financial relationship with a RHC Program consultant through which DataConnex gained an unfair advantage in the competitive bidding process;
- steering healthcare providers to this RHC Program consultant and paying more than $200,000 to a company owned by the consultant over a two-year period during which time DataConnex received dozens of contracts from healthcare providers represented by this same consultant;
- making monthly payments ranging from $250 to $2,000 to a company owned by the RHC Program consultant which were directly tied to six contracts DataConnex was awarded by healthcare providers represented by the same consultant;
- reaching agreements in principle with the RHC Program consultant that healthcare providers would award the contract to DataConnex before the required competitive-bidding period ended;
- using documents containing forged, false, misleading, and unsubstantiated information, including material misrepresentations, to increase its receipt of payments from the Telecom Program; and
- submitting payment requests based upon service contracts tainted by violations of the Commission's competitive bidding and urban rates rules and in so doing falsely implying compliance with Commission rules.

3. In this Notice of Apparent Liability for Forfeiture and Order (NAL), we find that DataConnex apparently willfully and repeatedly engaged in conduct which undermined the competitive bidding process, and relied on apparently forged, false, misleading, and unsubstantiated documents to support its claims for payment from the Universal Service Fund (the Fund or USF). As a result, and after an extensive and comprehensive investigation (the Investigation),[3] we propose a forfeiture penalty of $18,715,405. The forfeiture penalty we propose here reflects the seriousness, duration, egregiousness, and scope of DataConnex's multiple apparent violations. The Commission further orders DataConnex to submit a report within 30 days of this NAL addressing why the Commission should not begin proceedings to revoke its Commission authorizations.

II. BACKGROUND

A. Legal Framework

4. Before discussing DataConnex's apparent violations, we first describe the RHC Program's legal framework. As noted above, the RHC Program provides financial support to eligible rural healthcare providers so that all health care facilities—regardless of whether they are located in a rural or urban area—can implement the modern telecommunications systems that are vital to 21st century medical care.[4] The Telecom Program is part of the Commission's RHC Program and is paid for through

[3] During this Investigation, the Enforcement Bureau interviewed witnesses, including healthcare providers' executives and IT personnel involved in the procurement of telecommunication services from DataConnex, as well as consultants who represented healthcare providers that received telecommunications services from DataConnex through the Telecom Program. The Enforcement Bureau also reviewed tens of thousands of documents and analyzed data obtained from USAC, DataConnex, Aptus Telecom, Harrison & Howard Advisors, Health Care Connect United, other RHC Program consultants, healthcare providers, financial institutions, underlying service providers, and other third parties.

[4] *See Federal-State Joint Board on Universal Service*, Report and Order, 12 FCC Rcd 8776, 8796, para. 35 (1997); *see also* 47 CFR § 54.602.

the Universal Service Fund (USF).[5] Through the Telecom Program, eligible rural healthcare providers can obtain rates for supported services that are no higher than the highest tariffed or publicly available commercial rate for a similar service in the closest city in the state with a population of 50,000 or more people.[6] Support payments from the Fund related to the Telecom Program are calculated as the difference between the rural rate (the rate for telecommunication services provided to healthcare providers in rural areas, which is generally more expensive) and the lower urban rate (the rate for commercial customers, other than health care providers, in nearby urban areas, which is generally less expensive).[7]

5. *Competitive Bidding*. Through the RHC Program, healthcare providers may apply for USF support for eligible services only by making a "bona fide" request for services from telecommunications carriers, seeking competitive bids for services eligible for support, and following any other applicable state, local, or other procurement requirements.[8] The competitive bidding requirement is a significant safeguard to protect the RHC Program and USF from waste, fraud, and abuse, and ensures that healthcare providers choose the most cost-effective bid so that USF funds are used wisely and efficiently.[9]

6. To make the required bona fide request for bids in the Telecom Program, healthcare providers prepare and transmit an FCC Form 465 (Form 465) to USAC, which USAC then posts on its website for telecommunications carriers to review.[10] A healthcare provider submits one Form 465 per Funding Year (FY) for all services for which it is seeking bids through the Telecom Program.[11] Each funding year begins on July 1 and ends June 30 of the next calendar year; for example, FY2017 runs from July 1, 2017 through June 30, 2018, and FY2018 begins on July 1, 2018.

7. Through the Form 465, healthcare providers describe the planned service requirements and may provide other information about their service needs to potential service providers.[12] In response to the Form 465, interested service providers submit bids to the healthcare providers. Healthcare providers must review all bids submitted in response to the Form 465 and wait at least 28 days before

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[5] The RHC Program also includes the HCF which provides a 65 percent discount on eligible expenses related to broadband connectivity to both healthcare providers and consortia. *See generally Rural Health Care Support Mechanism*, Report and Order, 27 FCC Rcd 16678 (2012). Beginning in January 2014, rural healthcare providers receiving support for Internet access received support for these services through the HCF. *See id.* at para. 354.

[6] 47 CFR § 54.607.

[7] 47 CFR §§ 54.602, 54.609. *See generally Rural Health Care Support Mechanism*, Report and Order, Order on Reconsideration, and Further Notice of Proposed Rulemaking, 18 FCC Rcd. 24546 (2003) (*2003 Order and Further Notice).*

[8] 47 CFR §§ 54.602, 54.603, 54.615.

[9] *See In the Matter of Rural Health Care Support Mechanism*, Order, 22 FCC Rcd. 20360, 20412, paras. 101-02. (2007). *See also Federal-State Joint Board on Universal Service*, Report and Order, 12 FCC Rcd. 8776, 9076, paras. 480, 686, 688 (1997) (requiring a competitive bidding processes for eligible schools and libraries and eligible health care providers requiring that descriptions of services be posted "so that potential providers can see and respond to them").

[10] 47 CFR § 54.603; Health Care Providers Universal Service, Description of Services Requested and Certification Form, OMB 3060-0804 (July 2014) (Form 465); Form 465 Instructions, Rural Health Care Universal Service Mechanism, OMB-3060-0804 (July 2014).

[11] Beginning January 1, 2017, rural healthcare providers may only submit FCC form data electronically through "My Portal," the RHC Program's online application management system. *See* Forms, http://www.usac.org/rhc/telecommunications/tools/forms/default.aspx (last visited Aug. 30, 2017).

[12] *See* Form 465, Block 5; USAC, Rural Health Care, Telecommunications Program, Step 2: Evaluation Criteria & Service Requests, http://www.usac.org/rhc/telecommunications/health-care-providers/step02/default.aspx (last visited Oct. 31, 2016).

"making commitments" with the selected service provider.[13] The earliest date on which healthcare providers can enter into agreements with the selected service provider, *i.e.*, the 29th day after the Form 465 is posted, is known as the Allowable Contract Selection Date (ACSD).

8. Under the Commission's Rules, healthcare providers must choose the most cost-effective service provider, which is the "method that costs the least after consideration of the features, quality of transmission, reliability, and other factors that the health care provider deems relevant to choosing a method of providing the required health care services."[14] Once the healthcare provider selects the most cost-effective service provider and enters into a service contract, the healthcare provider conveys this selection to USAC by filing an FCC Form 466 (Form 466), which also serves as the healthcare provider's request for support payments from the USF.[15] The applicant uses the Form 466 to verify the type of services ordered and to certify that the selected service provider is the most cost-effective option.[16]

9. *Requesting Support.* USAC uses the Form 466, along with the supporting documentation and information that applicants submit, to determine, among other things, the appropriate support payments from the Fund.[17] Supporting documentation and information includes the rural and urban rates, the requested USF support amount, a copy of the signed contract (if applicable), and copies of bids (if more than one bid is received).[18] The Form 466 and supporting documentation, including the urban rate documentation, is submitted electronically through USAC's "My Portal" web-based application.[19] Healthcare providers must submit one Form 466 for each service for which they are seeking support from the Fund.[20]

10. *Determining the Urban and Rural Rates.*[21] The rural rate submitted by the healthcare provider, which is supposed to reflect the service provider's average rate for the service,[22] is substantiated by a monthly bill or invoice from the service provider with the type of service and the actual cost of the

[13] 47 CFR § 54.603(b)(3).

[14] 47 CFR § 54.603(b)(4).

[15] *See* Health Care Providers Universal Service, Funding Request and Certification Form, OMB 3060-0804 (July 2014) (Form 466); Form 466 Instructions, Rural Health Care Universal Service Mechanism, OMB-3060-0804 (July 2014) (Form 466 Instructions).

[16] *See* 47 CFR § 54.603(b)(4); *see also* Form 466.

[17] *See* Form 466; USAC, Rural Health Care, Telecommunications Program, Health Care Providers, Step 4: Submit Funding Requests, http://www.usac.org/rhc/telecommunications/health-care-providers/step04/default.aspx (last visited Oct. 31, 2016).

[18] *See* Form 466; USAC, Rural Health Care, Telecommunications Program, Health Care Providers, Documentation, http://www.usac.org/rhc/telecommunications/health-care-providers/documentation.aspx (last visited Oct. 31, 2016).

[19] *See* USAC, Rural Health Care, Telecommunications Program, My Portal, http://usac.org/rhc/tools/applicant-login/default.aspx (last visited Oct. 31, 2016).

[20] *See* Form 466 Instructions.

[21] The term "rate" refers to the entire cost of a service, end-to-end to the customer and does not refer to the cost of each element or sub-element of a telecommunications service. *See* 47 U.S.C. § 254(h)(1)(A). *See also Federal-State Joint Board on Universal Service*, Report and Order, 12 FCC Rcd. 8776, 9128-9, at paras. 674-5 (1997) (finding that "254(h)(1)(A) refers to 'rates for *services* provided to health care providers' and 'rates for similar *services* provided to other customers,' not rates for particular facilities or elements of a service.") (emphasis in original).

[22] More precisely, the rural rate is the "average of the rates actually charged to commercial customers, other than health care providers, for identical or similar services provided by the telecommunications carrier. . . in the rural area in which the health care provider is located." 47 CFR § 54.607(a); *see also id.* § 54.607(b) (providing alternative means of calculating the rural rate, including one based on costs).

service for which funding is requested.[23] Healthcare providers and service providers can obtain and use urban rates from several sources. One source is USAC's website, which contains a list of acceptable urban rates.[24] If a healthcare provider uses an urban rate other than one posted on USAC's website, it must provide documentation of the urban rate, which may come from the service provider.[25] The urban rate must be in use in an urban area in the healthcare provider's state.[26] Urban rate documentation may include tariff pages, contracts, signed letters on a service provider's letterhead, rate pricing information from a service provider's website, or similar documentation showing how the urban rate was obtained,[27] and the date on the urban rate documentation should indicate that the rate is provided in the current funding year.[28] Service providers are required to retain documents that support any urban rates they issue for at least five years.[29]

11. *Evergreen Status.* USAC then reviews each contract to determine whether it is eligible for "evergreen" status, which refers to a contract that covers more than one funding year. If USAC approves the contract for evergreen status, the healthcare provider would be exempt from having to engage in further competitive bidding for the remainder of the contract term.[30] However, regardless of whether the healthcare provider receives evergreen status, it is required to apply for support annually by filing a Form 466.[31]

12. *Funding.* USAC reviews the applicant's Form 466 with accompanying documentation and information, the service contract entered between the healthcare provider and service provider, and any competing bids. USAC then issues funding commitment letters (FCLs) informing the healthcare provider whether the application has been approved or denied.[32] USAC may also request additional information before finalizing a decision.

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[23] *See* Form 466; Form 466 Instructions ("The [healthcare provider] must submit to [Rural Health Care Division] a bill, contract, service offer or letter from the telecommunications carrier, which clearly identifies the service, bandwidth, and cost for which support is requested."); USAC, Rural Health Care, Telecommunications Program, Documentation, http://www.usac.org/rhc/telecommunications/health-care-providers/documentation.aspx (last visited Oct. 31, 2016).

[24] *See* USAC, Rural Health Care, Telecommunications Program, Search Tools, Urban Rates Search, www.usac.org/rhc/telecommunications/tools/UrbanRates/search.asp (last visited Oct. 31, 2016).

[25] *See* Form 466 Instructions, Block 6; USAC, Rural Health Care, Telecommunications Program, Health Care Providers, Documentation, http://www.usac.org/rhc/telecommunications/health-care-providers/documentation.aspx (last visited Oct. 31, 2016).

[26] *See* 47 CFR § 54.605; *see also* Form 466 Instructions, Block 6; USAC, Rural Health Care, Telecommunications Program, Health Care Providers, Supporting Documentation, http://www.usac.org/rhc/telecommunications/health-care-providers/documentation.aspx (last visited Oct. 31, 2016).

[27] *See* Form 466; USAC, Rural Health Care, Telecommunications Program, Health Care Providers, Documentation, http://www.usac.org/rhc/telecommunications/health-care-providers/documentation.aspx (last visited Oct. 31, 2016).

[28] *See* USAC, Rural Health Care, Telecommunications Program, Health Care Providers, Frequently Asked Questions, Q9: What is acceptable documentation, guidelines for calculating urban rates, http://www.usac.org/rhc/telecommunications/faqs/default.aspx (last visited Oct. 31, 2016).

[29] *See* 47 CFR § 54.619(d).

[30] *See* USAC, Rural Health Care, Telecommunications Program, Health Care Providers, Evergreen Contracts, http://www.usac.org/rhc/telecommunications/health-care-providers/evergreen-contracts.aspx (last visited Oct. 31, 2016).

[31] *Id.*

[32] If USAC denies support or if the healthcare providers or service provider disagrees with the support amount as determined by USAC, either the healthcare providers and/or the service provider may file an appeal of USAC's determination. *See* USAC, Rural Health Care, Telecommunications Program, Health Care Providers, Step 4: Submit

(continued….)

13. When USAC approves the healthcare provider's Form 466 and related materials, a healthcare provider submits an FCC Form 467 (Form 467) to notify USAC that the service provider has begun providing the supported service.[33] A healthcare provider must submit one Form 467 for each Form 466 that the healthcare provider previously submitted to USAC.[34] The Form 467 is also used to notify USAC when the applicant has discontinued the service or if the service was or will not be active during the Funding Year.[35]

14. *Service Provider Invoicing.* If USAC approves the Form 467, the healthcare provider and the service provider will then receive a copy of the Healthcare provider Support Schedule (HSS), which outlines the approved support amounts for each billing cycle.[36] The service provider should then begin crediting the healthcare provider for the support amount (if it has not yet done so) and may begin to invoice USAC for the telecommunications services approved by USAC.[37]

15. The service provider then submits its payment requests to USAC through the My Portal application and electronically certifies that the information contained in the invoice is correct and that the healthcare provider was credited with the amount shown under "Support Amount to be Paid by USAC."[38] USAC reviews the invoice, and if approved, disburses funds to the service provider in accordance with the HSS.[39] As explained below, the claims for payment in this case made certain representations about the services provided, and knowingly failed to disclose noncompliance with the Commission's rules.[40] In addition, we find that DataConnex apparently acted unjustly and unreasonably in violation of section 201(b) of the Act by requesting payment for services provided under an agreement that was tainted by violations of the Commission's rules for competitive bidding and urban rates.[41]

B. Relevant Entities and Individuals

1. DataConnex, LLC

16. DataConnex, LLC (DataConnex) is a limited liability company, organized under the laws of Florida,[42] and has an operational and financial presence in Mississippi.[43] DataConnex holds itself out as a Competitive Access Provider/Competitive Local Exchange Carrier and as a reseller of telecommunications

(Continued from previous page)
Funding Requests, http://www.usac.org/rhc/telecommunications/health-care-providers/step04/default.aspx (last visited Oct. 31, 2016).

[33] *See* Health Care Providers Universal Service, Connection Certification, OMB 3060-0804 (July 2014) (Form 467); Form 467 Instructions, Rural Health Care Universal Service Mechanism, OMB-3060-0804 (July 2014).

[34] *See id.*

[35] *See id.*

[36] USAC, Rural Health Care, Telecommunications Program, Service Providers, Step 5: Support Schedule, http://www.usac.org/rhc/telecommunications/service-providers/step05/default.aspx (last visited Oct. 31, 2016).

[37] USAC, Rural Health Care, Telecommunications Program, Service Providers, Invoicing, http://www.usac.org/rhc/telecommunications/service-providers/invoicing.aspx (last visited Oct. 31, 2016).

[38] *See id*.

[39] USAC, Rural Health Care, Telecommunications Program, Service Providers, Step 6: Invoice USAC, http://www.usac.org/rhc/telecommunications/service-providers/step06/default.aspx (last visited Oct. 31, 2016).

[40] *See Lazo Technologies, Inc. et al.*, Order on Reconsideration, 26 FCC Rcd 16661 (2011); *Universal Health Services, Inc. v. U.S.*, 136 S.Ct. 1989, 2001 (2016).

[41] 47 U.S.C. § 201(b).

[42] DataConnex Articles of Organization, Limited Liability Company (Oct. 6, 2014). DCX_00001749-51.

[43] *See* Subpoena Response, [redacted] Bank. Information on file in EB-IHD-15-00020296.

services.[44] DataConnex provides telecommunications services to healthcare providers through the RHC Program. DataConnex has received approximately $12 million in payments from the USF from FY2014 through FY2016 in connection with the RHC Program, and is among the top five recipients of USF funding in the RHC Program (excluding companies servicing Alaska healthcare providers).[45]

17. DataConnex was founded in October 2014 and is principally managed by CEO/Managing Partner Justin McMasters (McMasters) and COO/Managing Partner Jason Cucullu (Cucullu).[46] Partner Management Group, LLC (PMG) owns [redacted] percent of shares of DataConnex stock and is the "[redacted]" of DataConnex.[47] Cucullu and McMasters each own [redacted] percent of PMG.[48] According to the company, DataConnex employees McMasters, William Blahnik (Blahnik), and Eddy Breazeale (Breazeale) handle customer billing, pricing, and business development functions for DataConnex's USF-related business.[49] Breazeale also serves as DataConnex's Director of Corporate Compliance.[50]

18. DataConnex services approximately 120 healthcare providers throughout the United States, with the Southeast comprising the region in which DataConnex services the most healthcare providers. Most of these healthcare providers are represented by consultants, who assist healthcare providers during the form-filing, competitive bid, and service acquisition processes of the RHC Program. DataConnex sales agents appear to be primarily employees or independent contractors of Aptus Telecom, LLC.

2. Aptus Telecom, LLC

19. Aptus Telecom, LLC (Aptus) is a limited liability company organized under the laws of Mississippi and is an affiliate of DataConnex.[51] Cucullu and McMasters each own [redacted] percent of Aptus. Cucullu currently serves as Aptus' [redacted] and McMasters as its [redacted].[52] From January 1, 2014 through December 31, 2016, Eddy Breazeale served as Aptus's [redacted].[53] Aptus formerly served as a sales

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[44] Telecommunications Reporting Worksheet, FCC Form 499-A, OMB 3060-0055, Block 1 (Dec. 2014). DCX_00001838-45. *See also* DataConnex, FCC Form 499, Filer Database, Detailed Information (Apr. 3, 2017) http://apps.fcc.gov/cgb/form499/499detail.cfm?FilerNum=830632 (last visited Oct. 27, 2017).

[45] Information on file in EB-IHD-15-00020296. *See also* Appendix F.

[46] *See* DataConnex Organization Chart. DCX_00001759. William Blahnik has also been identified to the Commission as DataConnex's CEO. *See* DataConnex, FCC Form 499, Filer Database, Detailed Information (Apr. 3, 2017) http://apps.fcc.gov/cgb/form499/499detail.cfm?FilerNum=830632 (last visited Oct. 27, 2017). Aptus Telecom, LLC, which was formed in March 2014, serves as the primary sales agent for DataConnex. *See* Aptus_EB_00000001-00000004; Aptus Commission Report, DCX_OIG_00010029 (Dec. 2016). Both companies are controlled and owned, at least in part, by Cucullu and McMasters. Aptus_ EB_00000001-00000004; *see also* Appendix F; DataConnex Organization Chart. DCX_00001759 and DataConnex Corporate Entities. DCX_00001760.

[47] *See* DataConnex Corporate Entities. DCX_00001760. DDT Property & Investments, LLC owns [redacted] percent of DataConnex. DDT Property & Investments, LLC is a "[redacted]." Sworn Statement of William Blahnik in response to Office of Inspector General Subpoena issued March 15, 2017 (Blahnik Statement) at para. A.5.

[48] Blahnik Statement at para. A.5.

[49] *See* DataConnex Organization Chart. DCX_00001759.

[50] *See id.* *See also* Letter from Eddy Breazeale, Director Corporate Compliance, DataConnex to Potential Rural Health Care Customers (Dec. 15, 2016). DCX_00001813-4.

[51] *See* Office of the Secretary of State, Certificate of Formation (Mar. 11, 2014). APTUS_EB_000000002. *See also* Blahnik Statement at para. A.5.

[52] *See* Aptus Company Officers. APTUS_EB_00000004. *See also* Appendix F.

[53] *See id.*

agent for Network Services Solutions, LLC (NSS).[54] Currently, Aptus's employees and independent sales representatives appear to function as DataConnex's sole sales agents.[55] Although Aptus holds itself out as an entity separate from DataConnex, Aptus and DataConnex have made little effort to distinguish themselves in their dealings with their customers or each other.[56] Cucullu, McMasters, Breazeale, and others have routinely used Aptus emails accounts to conduct DataConnex business and vice versa.[57]

3. Healthcare Connect United, LLC

20. Healthcare Connect United, LLC (HCU) was a limited liability company organized under the laws of Missouri. HCU was founded in January 2014 and all shares/membership units were owned by Matt Howard (Howard).[58] HCU filed a *Notice of Winding Up and Dissolution* with the Missouri Secretary of State on July 17, 2017, and appears to have ceased operations.[59]

21. HCU was "a small-sized" consulting firm that provided services to healthcare providers in the RHC Program by, among other things, acting as their agent in filing FCC forms and coordinating the competitive bidding process.[60] In its marketing materials, HCU held itself out to healthcare providers as "a dedicated team of professionals, personalized representatives that ONLY focuses on assisting you in Accesing [*sic*], Utilizing, and the Implementing [*sic*] the advantages of the Universal Service Fund and the Healthcare Connect Fund."[61] HCU warranted that "OUR personalized representatives only FOCUS on your companies [*sic*] utilization, implementation and acess [*sic*] to these funds and getting you the LARGEST discounts that your facility qualifies to receive."[62] HCU further asserted that it was an "independent telecommunications representative without any associated vendor affiliations so our only interest is client satisfaction. You, the customer, are the most important aspect of our business. We have experience in the Universal Service Fund Program and Telecom audits, acquiring discounts from to [*sic*]

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[54] *See In the Matter of Network Services Solutions, LLC, Scott Madison,* Notice of Apparent Liability for Forfeiture and Order, 31 FCC Rcd. 12238 (Nov. 4, 2016).

[55] *See* Commission Reports. DCX_OIG_00009195; DCX_OIG_00009194; DCX_OIG_00009198; DCX_OIG_00009197; DCX_OIG_00010029.

[56] A healthcare provider's representative advised that he/she believed Aptus and DataConnex "were the same thing." Additionally, a consultant, who was contacted by Cucullu and referred to several healthcare providers for DataConnex related deals, advised that he/she believed Aptus was the marketing arm of DataConnex. Information on file in EB-IHD-15-00020296.

[57] *See, e.g.*, Email from Shawn Miles, H&H to Eddy Breazeale, Aptus (June 25, 2015, 2:53 p.m.). HH_02814; Email from Eddy Breazeale, Aptus to Shawn Miles, H&H (July 2, 2015, 2:37 p m.) (discussing posting of a Form 465 and contracts between Gulf Coast and DataConnex). HH_02813. In further support of the interconnectivity of these companies, DataConnex [redacted]. *See* Email from [redacted], DataConnex, to Jason Cucullu, DataConnex (Apr. 26, 2017, 10:51 a m.). APTUS_00024971.

[58] Response to Subpoena Duces Tecum Request, Federal Communications Commission, Enforcement Bureau, Affidavit of Mathew Howard (May 22, 2017) ("Howard HCU Aff.") at para. 1. *See also* Appendix F.

[59] *See Notice of Winding Up and Dissolution* (July 17, 2017). On file in EB-IHD-15-00020296. Several healthcare providers were advised that HCU was "unstaffed for the purposes of providing consulting services" and was "releasing [them] from our contract." *See, e.g.,* Email from admin@hccunited.com to [redacted], Iberia Comprehensive (July 12, 2017, 1:45 p.m.) (attaching a letter from Healthcare Connect United, LLC to Iberia Comprehensive regarding the discontinuation of its consulting services).

[60] Howard HCU Aff. at paras. 2, 7.

[61] Healthcare Connect United, About Us, http://hccunited.com/about-us.html (last visited on July 13, 2017) (emphasis in original).

[62] *Id.* (emphasis in original).

25% and 87% on telecommunication cost and we strive to get every client the maximum discount they can receive."[63]

22. HCU was managed by Howard and Shawn Miles (Miles).[64] Howard served as the Manager of HCU, and Miles served as the Vice President.[65] Howard is also a practicing dentist who operates a general dentistry practice under the trade name Arrow Dental Care, which has two locations: (1) 3931 Mid Rivers Mall Drive, St. Peters, Missouri; and (2) 15623 Manchester Road, Suite 100, Ellisville, Missouri.[66] According to Howard, HCU's "principle [*sic*] address" was [redacted],[67] which is owned by Howard and also appears to be Howard's home address.[68] HCU's website listed its location as the Ellisville, Missouri address from which Arrow Dental Care operates.[69] A review of HCU's bank records shows that Howard is the sole signatory on the bank accounts.[70]

4. Harrison & Howard Advisors, LLC

23. Harrison & Howard Advisors, LLC (H&H) was a limited liability company organized under the laws of Missouri.[71] H&H filed a *Notice of Winding Up and Dissolution* with the Missouri Secretary of State on July 17, 2017, and appears to have ceased operations.[72] H&H claimed to be "an advisory group that is driven to provide quality training, auditing, and form based compliance services" that acted as "the client's *full functional advisor*."[73] Howard was the sole owner of H&H, having "acquired 100% of the membership units of H&H at the time of incorporation on January 1, 2015."[74] H&H's "principle [*sic*] address" was [redacted], which is owned

[63] *Id. See also* HCC United, Program Summary and Information ("We have experience in the Universal Service Fund Program and Telecom audits, acquiring discounts up to 70% and 96% on telecommunication cost and we strive to get every client the maximum discount they can receive."). IBERIA-0035.

[64] Shawn Miles is also known as Shawn Harrison. Response to Subpoena Duces Tecum Request, Federal Communications Commission, Office of Inspector General, Affidavit of Mathew Howard (May 11, 2017) ("Howard H&H Aff.") at para. 5.

[65] *See, e.g.*, Email from Shawn Miles to Justin McMasters (July 14, 2015, 9:12 a m.) (citing Miles as Vice President of HCU). HH_03357.

[66] Arrow Dental Care, http://www.arrowdentalcare.com/ (last visited on July 13, 2017).

[67] Howard HCU Aff. at para. 1; Information on file in EB-IHD-15-00020296.

[68] Information on file in EB-IHD-15-00020296.

[69] Healthcare Connect United, Contact Us, http://hccunited.com/contact-us html (last visited on July 13, 2017).

[70] Information on file in EB-IHD-15-00020296.

[71] Howard H&H Aff. at para. 1.

[72] *See Notice of Winding Up and Dissolution* (July 17, 2017). Information on file in EB-IHD-15-00020296.

[73] DataConnex, Telecommunications Advisory Proposal (Mar. 17, 2015) (emphasis in original). *See* HH_00160-00164. While H&H claimed that it "has been assisting Telecommunications companies, Healthcare Groups with regulatory licensing, registrations, audits, and compliance for over four years," H&H did not exist until January 1, 2015 and it appears that its only client was DataConnex. *See* Howard H&H Aff. at para. 3; Harrison & Howard, Articles of Organization (Jan. 2, 2015). HH_000644. *See also* Subpoena Responses, [redacted] Bank and [redacted] Bank (reflecting no payments to H&H other than from DataConnex). Information on file in EB-IHD-15-00020296.

[74] Howard H&H Aff. at para. 3; Harrison & Howard, Articles of Organization (Jan. 2, 2015). HH_000644. *See also* Appendix F.

by Howard and also appears to be Howard's home address.[75] A review of H&H's bank records reveals that Howard is the sole signatory on the bank accounts.[76]

5. Health Care Providers

24. A number of healthcare providers contracted for services from DataConnex through the Telecom Program and are referenced throughout the NAL:

a. Iberia Comprehensive Community Health Center, Inc. (Iberia Comprehensive) and its satellites provide primary healthcare services in Iberia, Vermilion, St. Martin, Beauregard, Lafayette, Sabine and the surrounding parishes in Louisiana;[77]

b. Gulf Coast Mental Health Center (Gulf Coast) is a full-service community mental health center providing a wide range of services to the residents of Hancock, Harrison, Pearl River, and Stone Counties in Mississippi;[78]

c. Aaron E. Henry Community Health Services Center, Inc. (AEH) is a Federally Qualified Health Center (FQHC) with five locations in Mississippi.;[79]

d. Region One Mental Health Center (Region One) is a comprehensive mental health care provider that offers services in a four-county area in Mississippi, including Coahaoma, Quitman, Tallahatchie and Tunica counties;[80]

e. Community Counseling Services provides comprehensive behavioral health services at seven facilities in Mississippi;[81]

f. Access Family Health Services (Access Family) provides health care services at seven locations in Mississippi;[82]

g. Jackson Hinds Comprehensive Health Center (Jackson Hinds) provides comprehensive health service at 14 locations in Mississippi;[83]

h. Central Arkansas Radiation Therapy Institute (CARTI) is an independent, not-for-profit cancer care provider with 11 locations in Arkansas;[84]

i. Ocoee Regional Health Corporation (Ocoee) is a regional health center with six locations in Tennessee;[85]

j. Valley View Health Center (Valley View) is a non-profit, FQHC with 11 locations in

[75] Howard H&H Aff. at para. 3; Information on file in EB-IHD-15-00020296.

[76] Information on file in EB-IHD-15-00020296.

[77] Iberia Comprehensive Health Center, Inc. http://icchc.org/ (last visited Sept. 27, 2017).

[78] Gulf Coast Mental Health Center, https://www.gcmhc.com/ (last visited Sept. 27, 2017).

[79] Aaron E. Henry Community Health Services Center, Inc., https://www.aehchc.org/index.php (last visited Sept. 27, 2017).

[80] Region One Mental Health Center, http://www regionone.org (last visited Sept. 27, 2017).

[81] Community Counseling Services, https://www.ccsms.org/ (last visited Sept. 27, 2017).

[82] Access Family Health Services, http://www.accessfamilyhealth.com/ (last visited Sept. 27, 2017).

[83] Jackson Hinds Comprehensive Health Center, https://www.jackson-hinds.com/ (last visited Sept. 27, 2017).

[84] CARTI, http://www.carti.com/ (last visited Oct. 3, 2017).

[85] Ocoee Regional Health Corporation, http://www.ocoeeregional.com/index html (last visited Oct. 3, 2017).

Washington state;[86]

k. Little River Medical Center (Little River) provides comprehensive medical, dental, and behavioral services through six locations in South Carolina;[87] and

l. River Valley Primary Care Services (River Valley) is a non-profit center that offers dental and medical services through seven locations in Arkansas.[88]

III. THE COMMISSION'S INVESTIGATION

25. During the Investigation, multiple witnesses were interviewed, including healthcare provider executives and IT personnel involved in the procurement of telecommunication services from DataConnex, as well as consultants who represented healthcare providers that received telecommunications services from DataConnex through the RHC Program. The Enforcement Bureau also reviewed tens of thousands of documents obtained from DataConnex, Aptus, H&H, HCU, other consultants, healthcare providers, financial institutions, underlying service providers, and other third parties.

26. The evidence demonstrates that DataConnex/Aptus[89] and H&H/HCU[90] apparently maintained a multiyear financial relationship that was undisclosed to healthcare providers represented by HCU, which gave DataConnex an improper advantage in the RHC Program marketplace. The evidence also demonstrates that DataConnex provided apparently false, forged, misleading, and unsubstantiated urban rates to healthcare providers, and their consultants which caused USAC to increase the support it awarded healthcare providers, and ultimately the payments it made to DataConnex from the Fund. These actions violate the Communications Act and the Commission's Rules governing the RHC Program.

A. DataConnex's Conduct Related to the Rural Health Care Program's Competitive Bidding Process

27. The Commission has consistently stated that competitive bidding is fundamental to the RHC Program, and that a critical requirement of the competitive bidding process is to ensure that is conducted in a manner that does not give one bidder an unfair advantage over another bidder.[91] The

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[86] Valley View Health Center, https://www.vvhc.org/locations/ (last visited Oct. 3, 2017).

[87] Little River Medical Center, https://lrmcenter.com/ (last visited Oct. 3, 2017).

[88] River Valley Primary Care Services, http://www.rvpcs.org/Home/tabid/12912/Default.aspx (last visited Oct. 3, 2017).

[89] Based on the interdependent relationship of these entities, DataConnex and Aptus are referred to as a single entity in Sections III and IV of the NAL. *See supra* Section II.B.

[90] Based on the relationship of these entities, HCU and H&H referred to as a single entity in Sections III and IV of the NAL. *See supra* Section II.B.

[91] *See Federal-State Joint Board on Universal Service First Report and Order*, Report and Order, 12 FCC Rcd 8776, 9133-34, paras. 686, 688 (1997) ("Consistent with the Joint Board's recommendation for eligible schools and libraries, we conclude that eligible health care providers shall be required to seek competitive bids for all services eligible for support pursuant to section 254(h) by submitting their bona fide requests for services to the Administrator [for posting]"); *Requests for Review of Decisions of the Universal Service Administrator by Hospital Networks Management, Inc., Manchaca, TX*, 31 FCC Rcd 5731, 5742 para. 20 (Wireline Comp. Bur. 2016) ("The principles underlying the *Mastermind Order* and other orders addressing fair and open competitive bidding not only apply to the E-rate program . . ., but also to participants in the rural health care program. Indeed, the mechanics of the bidding processes in the rural health care and E-rate programs are effectively the same.") (internal citation omitted); *See also Rural Health Care Support Mechanism*, Report and Order, 27 FCC Rcd 16678, 16778, paras. 229-30 (2012) ("[C]ompetitive bidding furthers the competitive neutrality requirement . . . of the Act by ensuring that universal service support does not disadvantage one provider over another . . . [A]ll entities participating in the [RHC Program] must conduct a fair and open competitive bidding process prior to submitting a request for funding . . ."); and *Schools and Libraries Universal Service Support Mechanism*, Third Report and Order and Second Further

(continued….)

Commission has further explained that "[t]o preserve the integrity of the competitive bidding process, an applicant's consultant is subject to the same prohibitions as an applicant itself with regard to the competitive bidding process."[92] Service providers have long been on notice that competitive bidding is compromised when they place themselves in a position to influence the healthcare provider's award of the bid.[93] The Commission long ago made clear that pre-selection of service providers would violate the competitive bidding rules for the RHC Program.[94]

28. The Investigation uncovered a business and financial relationship between H&H/HCU and DataConnex/Aptus through which DataConnex apparently gained an unfair advantage in the competitive bidding process. Using a variety of methods, DataConnex/Aptus identified healthcare providers to target for participation in the RHC Program.[95] Aptus, in concert with DataConnex, approached rural healthcare providers, especially those who were not currently participating in the RHC Program, and proposed upgraded telecommunications solutions based on USF funding. After DataConnex initially met with a healthcare provider, it referred the healthcare provider to HCU and/or referred HCU to the healthcare provider in hopes that the healthcare provider would retain HCU as its consultant. Once retained by the healthcare provider, HCU initiated the competitive bidding process after which DataConnex was almost always awarded the contract.[96]

(Continued from previous page)
Notice of Proposed Rulemaking, 18 FCC Rcd 26912, 26939, para. 66 (2003) (*Schools and Libraries Third Report and Order*) (stating that the competitive bidding process is critical to preventing waste, fraud, and abuse of program resources).

[92] *Requests for Review of Decisions of the Universal Service Administrator by Hospital Networks Management, Inc., Manchaca, TX*, 31 FCC Rcd 5731, 5740, para. 18 (finding a conflict of interest where "Mr. Zunke, in the role of consultant to the consortium members, was ostensibly acting on their behalf alone. Yet, simultaneously, [he] was acting on behalf of the apparent service provider, with whom the consortium was considering contracting . . .").

[93] *Request for Review by Mastermind Internet Services, Inc., Federal-State Joint Board on Universal Service, Changes to the Board of Directors of the National Exchange Carrier Association, Inc.*, CC Docket No. 96-45, Order, 16 FCC Rcd 4028 (2000) (*Mastermind Order*) (finding that the FCC Form 470 contact person influences an applicant's competitive bidding process by controlling the dissemination of information regarding the services requested and, when an applicant delegates that power to an entity that also participates in the bidding process as a prospective service provider, the applicant impairs its ability to hold a fair competitive bidding process); *Requests for Review of Decisions of the Universal Service Administrator by Hospital Networks Management, Inc., Manchaca, TX*, 31 FCC Rcd 5731, 5742, para. 20 (Wireline Comp. Bur. 2016) (applying holdings in M*astermind* to the RHC Program); *see also Request for Review by Dickenson County Public Schools, Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, 17 FCC Rcd 15747, 15748, para. 3 (2002) (noting that an applicant impairs its ability to hold a viable competitive bidding process when the applicant's FCC Form 470 contact person is also a service provider participating in the bidding process as a bidder). *Cf. Schools and Libraries Universal Service Support Mechanism and A National Broadband Plan for Our Future*, Sixth Report and Order, CC Docket 02-6, 25 FCC Rcd 18762, 18799-800, para. 86 (2010) (*Schools and Libraries Sixth Report and Order*) ("an applicant violates the Commission's competitive bidding rules if the applicant turns over to a service provider the responsibility for ensuring a fair and open competitive bidding process"). *See, e.g., Requests for Review of the Decision of the Universal Service Administrator by SEND Technologies, L.L.C.*, CC Docket No. 02-6, Order, 22 FCC Rcd 4950 (Wireline Comp. Bur. 2007) (*SEND Order*) (finding that where the applicant's contact person is also a partial owner of the selected service provider, the relationship between the applicant and the service provider creates a conflict of interest and impedes fair and open competition).

[94] *Rural Health Care Support Mechanism*, Order, 22 FCC Rcd 20360, 20412, paras. 101-102 (2007) (denying waivers of competitive bidding rules in order to prohibit preselection of service providers).

[95] To secure new business for DataConnex, Aptus engaged in a variety of methods including reviewing Form 465 postings on USAC's website, receiving introductions to healthcare providers through facilities-based carriers currently servicing the healthcare providers, and soliciting rural hospitals and other health care providers they believed to be eligible to participate in the RHC Program but were not current participants.

[96] *See infra* Section III.A.2.

29. Emails produced by H&H/HCU demonstrate that Howard, Miles, Cucullu, and McMasters were in frequent contact, many times before the Form 465 was posted and before the healthcare provider retained HCU as its consultant. In these emails, H&H/HCU and Aptus/DataConnex discussed potential customers, DataConnex's pricing, HCU's pricing, the portion of HCU's consulting fee DataConnex would pay to H&H, proposed network design, contracts, proposed bids, Commission regulations governing the RHC Program, and other topics.

30. DataConnex paid H&H for "advising" services on RHC Program matters.[97] During the Investigation, the Enforcement Bureau subpoenaed and reviewed HCU's, H&H's, and DataConnex's bank records.[98] The Enforcement Bureau's analysis of these records demonstrates that from January 2015 through January 2017, DataConnex paid H&H at least $222,110.94, which constituted H&H's sole source of income for that two-year period.[99] H&H's invoices to DataConnex reflect charges for, among other things, a "monthly service retainer fee," "advising fees," "contract evaluation," "remittance," and "special billing."[100] Documents also indicate that DataConnex paid H&H a specific fee ranging from $[redacted] per month to $[redacted] per month during the relevant period. These specific fees were directly associated with six healthcare providers, all of which were represented by HCU and serviced by DataConnex.[101]

31. Finally, during this time, both HCU and H&H were wholly owned by Howard, while Cucullu and McMasters co-owned Aptus and PMG, which owns [redacted] percent of DataConnex.[102] It does not appear that this relationship was disclosed to the healthcare providers or other service providers that sought to bid on Form 465s filed by HCU-represented healthcare providers.

1. DataConnex/Aptus Engaged in a Multiyear Financial Relationship with H&H/HCU

32. Beginning in the fall of 2014 and through early 2015, McMasters and Cucullu on behalf of DataConnex/Aptus and Howard and Miles on behalf of H&H/HCU discussed forming a relationship where H&H would furnish "advisory" services to DataConnex.[103] Miles described the arrangement as "helping both of our companies grow."[104] The services H&H proposed to DataConnex were described as "contract construction/advisement," "training on correct verbiage to not raise red flags through sales," "bid matrix training and advising – access to multiple bid matrixes," and "bring[ing] potential clients from our end to work with Data Connex."[105] In discussing the fees H&H would charge DataConnex for

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[97] *See* Email from Shawn Miles, H&H to Jason Cucullu, Aptus, and Justin McMasters, Aptus (Jan. 7, 2015, 8:18 a.m.) ("As you know New Iberia has been signed. Per our conversation you guys agree to pay the advising side $400 a month starting with the first invoice to them."). HH_03680. *See also* Email from Justin McMasters, Aptus to Shawn Miles, H&H and Matthew Howard, H&H (Sept. 29, 2014, 8:36 p m.) ("any monthly fee paid to advising company affects our operating budget which could mean we have to turn away HCC United customers from DataConnex."). HH_03363.

[98] Information on file in EB-IHD-15-00020296.

[99] *See* Subpoena Response, [redacted] Bank; Subpoena Response, [redacted] Bank.

[100] *See, e.g.,* H&H Advisors, LLC Invoices to DataConnex. HH_01657, HH_01658, HH_00144, and HH_01661.

[101] *See* Commission Report, September 2016. APTUS_00012066. *See, e.g.,* Summary Sheet, Gulf Coast Mental Health. APTUS_00009561; and H&H Advisors, LLC Invoice to DataConnex (Oct. 1, 2016). HH_00157.

[102] While Shawn Miles appears to not have had an ownership interest in H&H, he received substantial payments from H&H from January 2015 through December 2016. *See* Subpoena Response, [redacted] Bank; Subpoena Response, [redacted] Bank.

[103] Email from Shawn Miles, H&H, to Jason Cucullu, Aptus (Dec. 18, 2014, 2:26 p.m.). HH_00384.

[104] Email from Shawn Miles, H&H, to Justin McMasters, Matthew Howard, H&H, Advisory Breakdown Overview (Sept. 26, 2014, 5:41 p.m.). HH_01933-5.

[105] Services Provided to DataConnex and Advisory Company Expenses. HH_01872.

these services, Miles stated that it "helps that you have clients that you're able to bring to us . . . As Matt [Howard] said, if that wasn't the case the number would probably be closer to $300,000,"[106] apparently referencing healthcare providers that DataConnex would refer to HCU.[107]

33. Ultimately, it appears that Cucullu and McMasters, on behalf of DataConnex, and Howard and Miles, on behalf of H&H, agreed that DataConnex would pay H&H "$175,000 minus deductions to an amount no less than $125,000"[108] with an "initial deposit" of "$25,000 and retainer payments of $5,000.00 monthly, starting on January 1, 2015 ending in December 2015."[109] It was further agreed that DataConnex and H&H may "continu[e] the retainer fee on a month to month basis after that point"[110] and the "fee moving forward would be discussed after the first year and the initial [$]175,000 was paid off in full (minus the above deductions)."[111] This represented an "initial agreement" for 2015 only, with "additional advising in 2016 . . . not included."[112]

34. As outlined in Appendix A, on December 23, 2014, DataConnex made its first payment of $30,000 to H&H, which apparently constitutes the initial $25,000 payment and the payment for the first month of H&H services, as referenced in the January 7, 2015 email.[113] In May 2015, DataConnex paid H&H's $5,000 "Monthly Service Retainer Fee" and $490.32 for "Contract Evaluation" for March 25-31, 2015,[114] and for April 2015.[115] Regular payments from DataConnex to H&H continued through January 2017.[116]

2. DataConnex Referred Healthcare Providers to HCU, and Was Then Awarded Contracts by Several Healthcare Providers that Retained HCU as Their Consultant

35. From FY2014 to FY2016, HCU represented approximately 120 healthcare providers as the healthcare providers' consultant in the RHC Program. In this capacity, HCU completed and filed program forms on behalf of healthcare providers and assisted healthcare providers in the competitive bid process. Among others, HCU served as the consultant for healthcare providers Iberia Comprehensive, Gulf Coast, AEH, Region One, and Community Counseling Services. In this capacity, HCU was listed as

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[106] Email from Shawn Miles, H&H, to Justin McMasters, Matthew Howard, H&H, Advisory Breakdown Overview (Sept. 26, 2014, 5:41 p.m.). HH_01933-5.

[107] At this time, Cucullu, through Aptus, was an independent sales agent for NSS and had been promoting NSS's telecommunications services to healthcare providers in the Southeast region of the United States. *Network Services Solutions, LLC and Scott Madison,* Notice of Apparent Liability for Forfeiture and Order, 31 FCC Rcd. 12238 (Nov. 4, 2016) at para. 23. Several of these healthcare providers later became DataConnex clients and retained HCU as their consultant. *See, e.g., Assignment and Assumption Agreement*, Cspire Fiber (June 5, 2015) [redacted]). CS0000477.

[108] Email from Shawn Miles, H&H, to Justin McMasters, Aptus, Jason Cucullu, Aptus, Matthew Howard, H&H, Advising agreement (Jan. 7, 2016, 5:54 p.m.). HH_01928-9.

[109] *Id.*

[110] *Id.*

[111] *Id.*

[112] Email from Shawn Miles, H&H, to Justin McMasters, Aptus, Jason Cucullu, Aptus, Matthew Howard, H&H (Jan. 12, 2016, 1:21 p.m.). HH_000430.

[113] Information on file in EB-IHD-15-00020296.

[114] *See* H&H Advisors LLC, Invoice #1004 (Apr. 1, 2015). HH_001634.

[115] *See* H&H Advisors, LLC, Invoice #555 (Apr. 15, 2015). HH_00131.

[116] Information on file in EB-IHD-15-00020296.

the primary contact on healthcare providers' Form 465s posted by USAC to solicit bids and service provider inquiries.

36. HCU held itself out to healthcare providers as a comprehensive consultant that managed all aspects of the RHC Program process. In its marketing materials, HCU represented to healthcare providers that it was "an independent telecommunications representative without any associated vendor affiliations so our only interest is client satisfaction."[117] HCU further informed healthcare providers that "[m]ost applications get denied due to the complexity of the process. We take care of this entire process for you."[118] HCU also makes "recommendation[s] for you to use the fund to upgrade your system to increase your telecom speeds."[119] As part of HCU's sales pitch, healthcare providers were informed that "[t]here will be nothing you will have to do. We will take care of everything."[120] In furtherance of these representations, these healthcare provider clients made regular, significant payments to HCU for consulting services.[121]

37. HCU, however, was apparently not the independent consultant it claimed to be. Rather, HCU/H&H and DataConnex/Aptus were business partners with a financial relationship that incentivized each of them to steer business to the other.[122]

38. The Investigation has uncovered that nearly all healthcare providers that were referred to HCU by DataConnex and that retained HCU as their consultant, later selected DataConnex as their service provider in the Telecom Program. The Enforcement Bureau's review of HCU's and healthcare providers' emails demonstrate that Howard, Miles, and another HCU employee, Matthew Cafferata (Cafferata), were the principal HCU employees involved. The Investigation indicates that the healthcare providers were not aware of any affiliation between DataConnex/Aptus and H&H/HCU and that DataConnex/Aptus did not disclose its financial relationship with HCU/H&H when making referrals to healthcare providers. In many instances, DataConnex/Aptus did not provide the healthcare providers with contact information for any consultant other than HCU and, when it did provide such information, it did so in a way that favored HCU.[123]

39. Iberia Comprehensive was among the first healthcare providers referred by DataConnex to HCU. It does not appear that DataConnex advised healthcare provider Iberia Comprehensive to consider other consultants, nor did DataConnex advise healthcare provider Iberia Comprehensive of any relationship between DataConnex/Aptus and HCU/H&H.[124] Iberia Comprehensive, which previously

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[117] Healthcare Connect United, Program Summary and Information at 2 (emphasis added). IBERIA-0036.

[118] *Id.* at 1. IBERIA-0035.

[119] *Id.* at 2. IBERIA-0036.

[120] Email from Shawn Miles, HCU, to [redacted], Iberia Comprehensive (Dec. 9, 2014, 2:00 p.m.). IBERIA-0058.

[121] Information on file in EB-IHD-15-00020296.

[122] *See* Email from Justin McMasters, Aptus, to Shawn Miles, HCU (Apr. 2, 2015, 8:33 p.m.) (". . .we've brought you a ton of business and a ton of revenue in addition to the advising. All of which you can't argue, would have never gotten without us."). HCC20919.

[123] *See, e.g.*, Email from Justin McMasters, Aptus, to [redacted], CARTI, [redacted], CARTI (Oct. 10, 2014, 2:53 p.m.). HH_04296; Email from Justin McMasters, Aptus, to [redacted], Ocoee (Mar. 9, 2015, 9:37 p.m.). HCC20815 and Email from Justin McMasters, Aptus to Shawn Miles, H&H (Mar. 12, 2015, 10:54 a m.). HCC20158. *See also* Email from Justin McMasters, Aptus to Shawn Miles, HCU (July 20, 2015, 2:46 p.m.) ("[redacted]"). DCX_OIG_00009704.

[124] Interview of [redacted], Iberia Comprehensive, Aug. 2, 2017. Information on file in EB-IHD-15-00020296.

filed its own Telecom Program forms, also stated that it retained HCU on the recommendation of DataConnex, after DataConnex stated that if Iberia Comprehensive made a mistake and did not get funding, it would be liable to DataConnex for the full contract price for its telecommunications services.[125] Through DataConnex's "Cost Share Program" the healthcare providers pay a reduced monthly remittance which is based on the amount of support DataConnex believes USAC will approve under the Telecom Program.[126]

40. Later, when DataConnex/Aptus sought to sell telecommunications services to healthcare provider Community Counseling Services, a DataConnex/Aptus employee asked Cucullu whether to send a list of consultants to their contact at the healthcare provider. Cucullu advised the employee to provide the list "after [the healthcare provider] signs with [HCU representative] Shawn [Miles], so it does not confuse him."[127] Healthcare provider Community Counseling Services later retained HCU as its consultant and awarded DataConnex its Telecom Program contract.[128]

41. Occasionally, DataConnex/Aptus provided healthcare providers with information about consultants other than HCU before the healthcare provider retained HCU. However, when it did so, the information provided to the healthcare providers favored HCU and disfavored HCU's competitors.[129] For example, on October 10, 2014, McMasters advised Miles that he "had a call with CARTI this morning. . . I did a good job of not being biased to one consultant over another but what I forgot to do is mention HCC United [*sic*] name. . . Therefore, if I send them the consultant name list I need to somehow recommend they contact you directly. What's your suggestion?"[130] Less than an hour later, McMasters emailed CARTI a list of consultants and stated, "[b]elow is a couple of consultants in the industry. The first of which [HCU] is the one I discussed in which we have some mutual clients with in which our clients have been extremely pleased."[131] McMaster advised Miles that he "probably should be expecting a call from [CARTI] soon" after CARTI asked for a specific point of contact and McMasters provided Miles' name.[132]

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[125] *Id.*

[126] *See* DataConnex Master Services Agreement, Iberia Comprehensive, Addendum Page (Feb. 27, 2015). IBERIA-0189.

[127] Email from Jason Cucullu, Aptus, to Robin Penn, Aptus (July 17, 2015, 10:40 a m.). HH_02744.

[128] HCU posted a Forms 465 for Community Counseling Services for FY2015 on August 14, 2015, and August 28, 2015. *See* FY2015 Form 465, Form 465 Application No. 43157424 (Aug. 14, 2015) and FY2015 Form 465, Form 465 Application No. 43157940 (Aug. 28, 2015). *See* Email from Shawn Miles, HCU, to Jason Cucullu, Aptus (July 20, 2015, 3:29 p.m.) ([redacted]). APTUS_00033594. *See also* Email from [redacted], Community Counseling Services, to Shawn Miles, HCU (July 24, 2015, 12:40 p.m.) ([redacted]). APTUS_00034981.

[129] Aptus/DataConnex appears to have created the consultant list to mislead USAC in the event USAC asked if a healthcare provider "[redacted]." McMasters explained that "[redacted] Email from Justin McMasters, Aptus, to Jason Cucullu, Aptus, Eddy Breazeale, Aptus, [redacted], Aptus, [redacted], Aptus, [redacted], Willian Blahnik, DataConnex (Mar. 4, 2015, 11:18 p.m.). APTUS_00016952. Miles created the consultant list that Aptus/DataConnex provided to the healthcare providers. *See* Email from Shawn Miles, H&H, to Justin McMasters, DataConnex (Oct. 9, 2014, 4:09 p.m.) (attaching Consultant List). HH_03703 and Consultant List. HH_03517.

[130] Email from Justin McMasters, DataConnex, to Shawn Miles, H&H (Oct. 10, 2014, 2:16 p m.). HH_04210.

[131] Email from Justin McMasters, Aptus, to [redacted], CARTI, [redacted], CARTI (Oct. 10, 2014, 2:55 p.m.). HH_04296.

[132] Email from Justin McMasters, Aptus, to Shawn Miles, H&H (Oct. 29, 2014, 11:27 a.m.) (attaching an email from McMasters to [redacted] at CARTI that stated "Shawn Miles is my POC at HCC United. This is who we have some

(continued….)

42. Similarly, when providing a list of consultants to healthcare provider Ocoee, McMasters stated, "[b]elow is a couple consultants in the industry we spoke about in our meeting. The first of which [HCC United – Shawn Miles] is the one I discussed in which we have mutual clients with in which our clients have been extremely pleased. If you would prefer to have him reach out to you, please let me know."[133] HCU was the only consultant McMasters mentioned positively to healthcare provider Ocoee.[134] About an hour after sending a consultant list to Ocoee, McMasters emailed Miles and stated that "[t]he meeting went excellent! In fact, I think you can charge more for your services. I quoted them between $500-1500 . . . I would start with around $950 with your fee and see what they say. He should respond to me on whether to have you reach out to him or not as you were blind CC."[135] Miles replied, "[redacted]"[136]

43. DataConnex/Aptus and HCU/H&H also sought to work together to obtain healthcare provider Jackson Hinds as a client for their companies. Cucullu, Breazeale, and Miles mapped out a strategy in anticipation of a sales call with Jackson Hinds personnel to discuss the RHC Program and the services offered by DataConnex/Aptus and HCU as Jackson Hinds was "skeptical about paying a fee or using a consultant."[137] After the sales call, Breazeale, with Cucullu's concurrence, went so far as to edit a follow-up email that Miles intended to send to healthcare provider Jackson Hinds. Breazeale advised Miles to "take a look at the revisions that I made to the content of your email. My main concern is that you give enough points so as to justify your fee. You can tell from your initial phone call that this will not be an easy sell."[138] Miles replied, "Go ahead and send me the contact information and I'll get this sent to them."[139] Healthcare provider Jackson Hinds later posted its Form 465 and awarded DataConnex its Telecom Program contract.[140]

(Continued from previous page)
mutual clients with. I don't have a specific POC on the other 2 as I have never worked directly with them."). HH_04296.

[133] Email from Justin McMasters, Aptus, to [redacted], Ocoee (Mar. 9, 2015, 9:37 p.m.). HCC20815.

[134] *Id.*

[135] Email from Justin McMasters, Aptus, to Shawn Miles, HCU (Mar. 9, 2015, 10:46 p.m.). HCC20814.

[136] Email from Shawn Miles, HCU, to Justin McMasters, Aptus (Mar. 10, 2015, 3:27 p.m.). DCX_OIG_00010161.

[137] Email from Jason Cucullu, Aptus Telcom, to Shawn Miles, H&H (Mar. 27, 2015, 8:19 a.m.). HH_02913.

[138] Email from Eddy Breazeale, Aptus Telecom, to Shawn Miles, H&H, and Jason Cucullu, Aptus Telecom (Mar. 30, 2015, 2:22 p.m.) (stating that "I have worked with Jason and Eddy on funding for a number of health care providers. We have a healthy business relationship, and after speaking with them, I can agree to come down a little on our fee to $1900 a month."). HH_02917.

[139] Email from Shawn Miles, H&H, to Eddy Breazeale, Aptus Telecom, and Jason Cucullu, Aptus Telecom (Mar. 30, 2015, 4:00 p.m.). HH_02918.

[140] HCU was not retained by Jackson-Hinds. However, Aptus/DataConnex referred Jackson Hinds to another consultant who has repeatedly awarded contracts to DataConnex. *See* Email from Eddy Breazeale, Aptus, to [redacted], Communications Consulting Services, Inc. (June 29, 2015, 4:19 p.m.) ("[redacted]."). CTRL0000000857. *See also* Email from [redacted], Communications Consulting Services, Inc. to [redacted], Jackson-Hinds and Eddy Breazeale, Aptus (June 30, 2015, 9:49 a.m.) ("[redacted]."). CTRL0000000857.

3. DataConnex/Aptus and HCU/H&H Coordinated Their Marketing Strategies, Cost Estimates, and Other Information Before a Form 465 Was Posted Apparently to Increase the Likelihood of Both Companies Winning Healthcare Providers' Business

44. It also appears that DataConnex and HCU/H&H coordinated their "Talking Points" when seeking to obtain RHC Program contracts and seeking to be retained as RHC Program consultants, respectively, with at least two healthcare providers.[141] Among other topics, DataConnex, H&H, and HCU personnel coordinated on posting Form 465s, fees owed to both DataConnex and HCU, fee structure, timing of charges to DataConnex from healthcare providers, and the healthcare providers' current service providers.[142] This coordination between DataConnex/Aptus and HCU/H&H appears to have occurred, in several instances, before each healthcare provider posted its Form 465 requesting bids.[143]

a. Aaron E. Henry Community Health Services (AEH)

45. On December 11, 2014, Cucullu sent a pricing proposal to Miles concerning healthcare provider AEH and stated, "[n]eed to discuss this one with you. Potential client for you."[144] Healthcare provider AEH later retained HCU, which then filed FY2014 Form 465s on its behalf on January 24, 2015.[145] Shortly thereafter, on February 23, 2015, healthcare provider AEH awarded DataConnex a contract.[146]

46. It appears that HCU and DataConnex further coordinated the bidding concerning healthcare provider AEH. In one email, Breazeale sent the DataConnex contract for healthcare provider AEH to Miles and reported that the healthcare provider "reached out to us and asked for a contract on putting in a new [point-to-point] service" and further inquired with Miles "whether or not this needs to go out to competitive bid."[147]

b. Gulf Coast

47. Concerning healthcare provider Gulf Coast, DataConnex and HCU appear to have coordinated prior to the filing of the Form 465. On June 25, 2015, Miles emailed Breazeale that "Gulf Coast sent me their agreement. So, we're go to go."[148] Two weeks later, on July 6, 2015, Howard filed three Form 465s for healthcare provider Gulf Coast, but only one was deemed an eligible location.[149] During the competitive bidding period, Cucullu emailed Miles to express concern about the name used for the only location deemed eligible to participate in the Telecom Program and asked Miles, "[a]re we going

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[141] Email from Eddy Breazeale, Aptus, to Miles, Cucullu, Region One & Mallory Talking Points (Mar. 25, 2015, 1:06 p.m.). HH_001046.

[142] *Id.*

[143] *Compare id. with* FY2015, Form 465, HCP No. 16780, FRN 1572262 (June 4, 2015) [Region One] *and* FY2015, FCC Form 465, HCP No. 31556, FRN 1584888 (Feb. 12, 2016) [Mallory].

[144] Email from Jason Cucullu, Aptus, to Shawn Miles, H&H (Dec. 11, 2014, 2:31 p.m.). HH_01922.

[145] Email from [redacted], AEH, to Shawn Miles, HCU (Jan. 9, 2015, 9:50 p.m.) (forwarding signed HCU Agreement). HH_01699.

[146] *See* DataConnex Master Service Agreement, Aaron E. Henry Community Health Services, Center, Inc. (Feb. 23, 2015).

[147] Email from Eddy Breazeale, DataConnex to Shawn Miles, HCU, Aaron E. Henry New PTP (Nov. 22, 2016, 3:10 p.m.). HH_000034.

[148] *See* Email from Shawn Miles, H&H to Eddy Breazeale, Aptus (June 25, 2015, 2:53 p.m.). HH_02813.

[149] *See* Email from Matt Howard, HCU, to Jason Cucullu, Aptus (July 7, 2015, 2:10 p m.). HH_02713; *see also* FY2015, FCC Form 465, HCP No. 44192, Form 465 Application No. 43156842 (July 6, 2015).

to have an issue running this as a hub while it is being called a satellite office?"[150] Miles replied, "[t]he name doesn't matter. It is an eligible site."[151] The exchanges described above all occurred during the 28-day competitive bidding period.

c. Community Counseling Services

48. A further example of this pre-Form 465 coordination involved healthcare provider Community Counseling Services. On August 24, 2015, Cucullu emailed Miles and asked, "[w]hen do you think the other site will be posted? We are losing a lot of $ each day that this site is not posted."[152] Miles advised Cucullu that he was waiting on an updated license from a Community Counseling Services employee. Cucullu replied, "Ok. I will stand on him. Would not hurt to reach out to the CFO on it also."[153] Four days later, on August 28, 2015, HCU filed a FY2015 Form 465 for an additional Community Counseling Services location.[154] Community Counseling Services awarded DataConnex a contract for all of its locations on October 15, 2015.[155]

4. DataConnex/Aptus, in Concert with HCU/H&H, Apparently Violated the Commission's Rules Requiring Competitive Bidding

a. Iberia Comprehensive

49. DataConnex apparently obtained a contract from healthcare provider Iberia Comprehensive after DataConnex referred Iberia Comprehensive's staff to HCU. On October 20, 2014, Cucullu emailed Miles and stated, "Shawn spoke to [[redacted], Iberia Comprehensive's IT Director] and he wants you to give him a call. Give me a call before you call him. I need to discuss a few things with you."[156] On October 22, 2014, Miles spoke with [redacted] and sent him an email outlining HCU's fee structure and services.[157] Included in this email were marketing materials, which described HCU as an "independent telecommunications representative without any associated vendor affiliations. . . ."[158]

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[150] *See* Email from Jason Cucullu, Aptus, to Shawn Miles, H&H (July 8, 2015, 7:49 a.m.). HH_02713.

[151] Email from Shawn Miles, H&H, to Jason Cucullu, Aptus (July 8, 2015, 10:04 a m.). HH_04248-9.

[152] Email from Jason Cucullu, Aptus, to Shawn Miles, H&H (Aug. 24, 2015, 8:54 a m.). HH_01980. HCU posted FY2015 FCC Forms 465 for several HCP Community Counseling Services locations on August 14, 2015. *See* FY2015 FCC Form 465, HCP 30911, Form 465 Application No. 43157424 (Aug. 14, 2015); FY2015 FCC Form 465, HCP 30913, Form 465 Application No. 43157604 (Aug. 14, 2015); FY2015 FCC Form 465, HCP 30915, Form 465 Application No. 43157603 (Aug. 14, 2015); FY2015 FCC Form 465, HCP 30916, Form 465 Application No. 43157602 (Aug. 14, 2015); FY2015 FCC Form 465, HCP 30917, Form 465 Application No. 43157601 (Aug. 14, 2015).

[153] Email from Jason Cucullu, Aptus, to Shawn Miles, H&H (Aug. 24, 2015, 9:00 a m.). HH_01980. *See also* Email from Shawn Miles, H&H, to Jason Cucullu, Aptus (Aug. 24, 2015, 8:59 a.m.). HH_01980.

[154] *See* FY2015 FCC Form 465, HCP 28265, Form 465 Application No. 43157940 (Aug. 28, 2015).

[155] *See* DataConnex Master Services Agreement, Community Counseling Services (Oct. 15, 2015). *See, e.g.* FY2015 FCC Form 466, HCP 28265, FRN 15755271 (Mar. 2, 2016). USAC issued FCL's designating this contract as "Evergreen." DataConnex invoiced USAC in accordance with the support schedule and received USF funds through March 2017.

[156] Email from Jason Cucullu, Aptus, to Shawn Miles, H&H (Oct. 20, 2014, 7:27 a m.). HH_02871. Cucullu had previously forwarded Miles pricing information and network design. *See* Email from Jason Cucullu, Aptus to Shawn Miles, HCU (Sept. 30, 2014, 6:31 a.m.). HCC_12444.

[157] Email from Shawn Miles, HCU, to [redacted], Iberia Comprehensive (Oct. 22, 2014, 10:57 a m.) (quoting a fee of $550 per month). IBERIA-0033.

[158] *See* Interview of [redacted], Iberia Comprehensive, Aug. 2, 2017. Information on file in EB-IHD-15-00020296. Program Summary and Information. IBERIA-0035-36. (attachment to email from Shawn Miles, HCU, to [redacted], Iberia Comprehensive (Oct. 22, 2014, 10:57 a m.). IBERIA-0033.

Healthcare provider Iberia Comprehensive executed a Service Agreement with HCU on December 22, 2014, and HCU filed Form 465s for FY2014 on behalf of Iberia Comprehensive and its related healthcare providers on January 23-24, 2015.[159] Two vendors submitted bids in response to the Form 465s filed by HCU: (1) DataConnex and (2) [redacted].[160] DataConnex was awarded the contract for all of healthcare provider Iberia Comprehensive's locations on March 2, 2015.[161]

50. There appear to be several issues with this competitive bidding process. First, DataConnex and HCU, prior to the initiation of the 28-day competitive bidding period, apparently agreed that DataConnex would be awarded the contract if HCU was retained by healthcare provider Iberia Comprehensive as a consultant.[162] On January 7, 2015, Miles sent an email to Cucullu and McMasters and reminded them that "[a]s you know New Iberia has been signed. Per our conversation you guys agree to pay the advising side $400 a month starting with the first invoice to them."[163] Yet, the competitive bidding period did not start until more than two weeks later, as healthcare provider Iberia Comprehensive's Form 465s were not filed with USAC until January 23-24, 2015.

51. Second, the Bid Comparison Matrix that was submitted to USAC along with healthcare provider Iberia Comprehensive's Form 466s was created and completed solely by HCU, a consultant with an undisclosed financial relationship with DataConnex.[164] The record before the Commission indicates that healthcare provider Iberia Comprehensive did not have discussions with HCU about the bid evaluation criteria or the Bid Comparison Matrix prior to its submission to USAC.[165] Moreover, healthcare provider Iberia Comprehensive's IT Director stated that he had never seen the Bid Comparison Matrix until he was shown a copy by the Enforcement Bureau during an interview on August 2, 2017.[166]

b. Lewis County Community Health Services d/b/a Valley View Health Center – Onalaska (Valley View)

52. Healthcare provider Valley View is another healthcare provider that awarded a contract to DataConnex through a competitive bidding process that was apparently undermined by the relationship between DataConnex/Aptus and HCU/H&H. On April 2-3, 2015, McMasters and Miles discussed HCU's fees and revenue. McMasters advised Miles that "I haven't totaled everything but we've brought

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[159] FY2014 Form 465, HCP 13166, Form 465 Application No. 43150440 (Jan. 23, 2015). FY2014 Form 465, HCP 14689, Form 465 Application No. 43150469 (Jan. 24, 2015). FY2014 Form 465, HCP 18219, Form 465 Application No. 43150471 (Jan. 24, 2015). FY2014 Form 465, HCP 39855 Form 465 Application No. 43150470 (Jan. 24, 2015).

[160] *See* Interview of [redacted], Iberia Comprehensive, Aug. 2, 2017. Information on file in EB-IHD-15-00020296.

[161] *See* DataConnex Master Services Agreement, Iberia Comprehensive Community Health Center, Inc. (Mar. 2, 2015). IBERIA-0257-0263.

[162] Email from Miles to Cucullu, McMasters, Advising Payments (Jan. 7, 2015, 8:18 a m.). HH_03680.

[163] *Id.*

[164] *See* Interview of [redacted], Iberia Comprehensive, Aug. 2, 2017. Information on file in EB-IHD-15-00020296.

[165] *See id.*

[166] *See* Interview of [redacted], Iberia Comprehensive, Aug. 2, 2017. On April 16, 2015, HCU filed Form 466s with USAC for the Iberia Comprehensive's locations that were installed in FY2014. USAC issued FCLs designating the DataConnex contract as "Evergreen." HCU continued to file Form 466s for Iberia in FY2015 and FY2016 based on the "Evergreen" contract. DataConnex has invoiced USAC for the authorized support amounts in FY2014, FY2015, and FY2016. Two locations, healthcare provider Merryville Community Health Center and healthcare provider Sabine Comprehensive Health Clinic, which are included on the February 27, 2015 contract were not installed until August 21, 2015. HCU filed FY2015 Form 466s with USAC for these locations on September 25, 2015 using the February 27, 2015 contract. USAC issued FCLs for these locations on October 7, 2015 and designated the contract as "Evergreen." HCU filed Form 466s for FY2016 based on the "Evergreen" contract on March 18, 2016, and DataConnex invoiced USAC for the authorized support amounts. Information on file in EB-IHD-15-00020296.

you more revenue than you have brought us even if we get Cedar County and Valley View. . . I really would like for you to give us more opportunities. . . I just would like to see some more opportunities so we don't feel like this is a one-sided relationship."[167] Miles reassured McMasters that their relationship would be profitable for DataConnex/Aptus, as well as HCU/H&H:

> [a]s I've told Jason [Cucullu] we see us bringing you more and more clients over the next year. Trust me if I can have my clients with you I will. It will make my life easier. Don't think we are not trying to make you money and bring you our clients. Take Valley View for example. I could've gone to Toledo Tel easily. However, I wanted to get you in there. Not for one circuit. But, to get the whole network. Yes, today it's one circuit, but tomorrow it's the whole thing.[168]

In both FY 2014 and FY 2015, Valley View received $16,423.68 in USF funding for bonded T-1s (3 Mbps) pursuant to a contract with [redacted].[169] On March 4, 2016, HCU filed a FY 2016 Form 465 for Valley View's Onalaska, Washington location.[170] On April 29, 2016, DataConnex was awarded a contract to provide 100 Mbps Ethernet to this location.[171] USAC issued a funding commitment letter on October 12, 2016, approving support in the amount of $47,523.65, and designated this contract as "Evergreen."[172]

c. Aaron E. Henry Community Health Services (AEH)

53. Yet another example of DataConnex/Aptus' improper influence during the competitive bidding process involves healthcare provider AEH. Cucullu referred healthcare provider AEH to HCU.[173] On December 30, 2014, approximately one week after DataConnex paid H&H the initial payment of $30,000,[174] Miles arranged a phone call with healthcare provider AEH staff and later sent them an email that attached a HCU Service Agreement.[175] In the email to healthcare provider AEH, Miles advised AEH, "I put in the monthly cost to Aaron E. Henry, the out clause should you choose not to sign with Jason's company as well as that we will appeal your denied applications while not charging any extra for any funds that are able to be recovered."[176] On January 9, 2015, healthcare provider AEH returned the signed agreement to HCU, which provided that "[AEH] agreed to pay [HCU] $750 a month starting with the first

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[167] Email from Justin McMasters, Aptus, to Shawn Miles, HCU (Apr. 2, 2015, 8:33 p m.). HCC20919.

[168] Email from Shawn Miles, HCU, to Justin McMasters, Aptus (Apr. 3, 2015, 12:24 p.m.). HCC20918. HCU filed a Form 465 on behalf on Valley View for FY2015 on April 24, 2015. Information on file in EB-IHD-15-00020296.

[169] Information on file in EB-IHD-15-00020296.

[170] *See* FY2016 Form 465, HCP 27579, Form 465 Application No. 41361592 (Mar. 4, 2016).

[171] *See* DataConnex Master Services Agreement, Lewis County Community Health Services dba Valley View Health Center - Toledo (Apr. 29, 2016). This contract also referenced point to point services at unfunded location in Centralia, Washington.

[172] *See* FY2016 FCL, HCP 27579, FRN 16877671 (Oct. 12, 2016). Valley View's Form 466 indicated that it received no other bids in response to its FY2016 Form 465. *See* FY2016, HCP 27579, Form 466, Block 7. at 45., FRN 16877671 (Aug. 29, 2016).

[173] Email from Shawn Miles, H&H, to Justin McMasters, DataConnex (Dec. 31, 2014, 8:56 a.m.) ("This is one that Jason brought to me . . ."). HH_02637.

[174] Information on file in EB-IHD-15-00020296.

[175] *See* Email from Shawn Miles, H&H, to Jason Cucullu, DataConnex, Justin McMasters, DataConnex (Dec. 30, 2014, 12:46 p.m.). HH_02637; Email from Shawn Miles, HCU, to [redacted], AEH (Dec. 31, 2014, 10:32 a.m.). HH_01698. Miles forwarded this email to Cucullu using an H&H email account on January 7, 2015. *See* Email from Shawn Miles, H&H, to Jason Cucullu, Aptus (Jan. 7, 2015, 8:12 a m.). HH_01698.

[176] Email from Shawn Miles, HCU, to [redacted], AEH (Dec. 31, 2014, 10:32 a m.). HH_01698. Miles forwarded this email to Cucullu using and H&H email account on January 7, 2015. *See* Email from Shawn Miles, H&H to Jason Cucullu, Aptus (Jan. 7, 2015, 8:12 a.m.). HH_01698.

invoice from DataConnex . . . Should Aaron E. Henry Community Health Services not move forward and sign with DataConnex this agreement can be cancelled."[177] Approximately two weeks later, HCU filed FY2014 Form 465s for healthcare provider AEH's locations.[178] On February 23, 2015, AEH awarded DataConnex a 36-month contract for all of its locations, and HCU filed a Form 466 with USAC on healthcare provider AEH's behalf memorializing this contract award.[179]

5. DataConnex Apparently Made Payments to H&H Based Upon Contracts DataConnex Received from Healthcare Providers Represented by HCU

54. The relationship between H&H/HCU and DataConnex apparently involved DataConnex personnel referring healthcare providers to HCU for consulting work.[180] With few exceptions, healthcare providers who hired HCU after receiving a referral from DataConnex awarded contracts to DataConnex for telecommunications services supported by funds from the Telecom Program. It also appears that at the same time, unbeknownst to the healthcare providers, DataConnex made significant and regular payments to H&H, HCU's "advising side."[181] In addition, for at least six healthcare providers, DataConnex made specific monthly payments to H&H after DataConnex invoiced these healthcare providers for telecommunications services provided pursuant to contracts awarded to DataConnex after these healthcare providers retained HCU.[182]

55. Shortly after DataConnex made its first payment of $30,000 to HCU, Miles sent an email to Cucullu and McMasters and reminded them that "[a]s you know New Iberia has been signed. Per our conversation you guys agree to pay the advising side $400 a month starting with the first invoice to them."[183] Services were installed for healthcare provider Iberia Comprehensive on March 25, 2015,[184] and Iberia Comprehensive received its first invoice from DataConnex on April 1, 2015.[185]

56. On April 15, 2015, H&H sent DataConnex an invoice for services described as "Contract Evaluation (1i) March 25-31, 2015" totaling $90.32 and "Contract Evaluation (1i) For month of April

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[177] *See* Healthcare Connect United, Service Agreement, Aaron E. Henry Community Health Services. HH_01870. *See also* Email from [redacted], AEH to Shawn Miles, HCU (Jan. 9, 2015, 9:50 p.m.). HH_01699.

[178] FY2014 Form 465, HCP 10789, Form 465 Application No. 43150472 (Jan. 24. 2015); FY2014 Form 465, HCP 11510, Form 465 Application No. 43150475 (Jan. 24. 2015); FY2014 Form 465, HCP 11511, Form 465 Application No. 43150473 (Jan. 24. 2015); FY2014 Form 465, HCP 16113, Form 465 Application No. 43150477 (Jan. 24. 2015); FY2014 Form 465, HCP 16114, Form 465 Application No. 43150474 (Jan. 24. 2015).

[179] DataConnex Master Services Agreement, Aaron E. Henry Community Health Services Center, Inc. (Feb. 23, 2015); FY 2014 Form 466, HCP 10789 (June 3, 2015). USAC issued FCLs designating the contract as "Evergreen." Funding Commitment Letter, FY2014, Application No. 43150472 (June 17, 2015). HCU also filed FCC forms for FY2015 and FY2016 for AEH based on this same contract and USAC issued FCLs and support schedules and DataConnex has invoiced USAC for the authorized support amounts.

[180] *See infra* Section III.A.2.

[181] Email from Shawn Miles, H&H, to Jason Cucullu, Aptus, Justin McMasters, Aptus, Advising Payments (Jan. 7, 2015, 8:18 a m.). HH_01930.

[182] *See* Invoice, H&H Advisors, LLC (Nov. 1, 2016). HH_01658; Invoice, H&H Advisors, LLC (Oct. 1, 2016). HH_01657. *See also* Invoice, H&H Advisors, LLC (Apr. 1, 2015). HH_00130.

[183] Email from Shawn Miles, H&H, to Jason Cucullu, Aptus, Justin McMasters, Aptus, Advising Payments (Jan. 7, 2015, 8:18 a m.). HH_01930. *See also* Email from William Blahnik, DataConnex to Matthew Howard, H&H (Jan. 5, 2016, 2:08 p.m.) ("We are of the understanding that we would continue to pay $5,000 monthly until the $125,000 was paid off."). HH_00523.

[184] FY2014 FCC Form 466, HCP 13166, FRN 1459504 (Apr. 16, 2015).

[185] DataConnex Invoice, Customer Number 1004, Statement Number 100004 (Apr. 1, 2015).

2015" totaling $400."[186] This $400 per month charge appears to represent the bulk of the $550 per month consulting fee payment HCU initially quoted Iberia Comprehensive in October 2014, in its introductory email.[187] Iberia Comprehensive rejected this amount as being too costly.[188] Without further discussion or negotiation, HCU reduced its fee to $100 per month when it provided its agreement to Iberia Comprehensive in December 2014.[189] DataConnex was invoiced by H&H for this amount through at least February 2017.[190]

57. The Investigation also showed that DataConnex apparently paid H&H fees related to five additional healthcare providers that were represented by HCU as their consultant and who awarded contracts to DataConnex: AEH, Access Family Health, Gulf Coast, Region One, and Community Counseling Services.[191] On March 3, 2016, Miles sent Howard an email that stated "[b]elow is a list of the [*sic*] some of our mutual clients (or clients they brought us) and the two left that we are getting paid both ways. . ."[192] The email listed healthcare provider Community Counseling Services at $1,500, and Gulf Coast at $800, which apparently represented monthly payment amounts DataConnex had agreed to make to H&H.[193] DataConnex records also reflect that fees were specifically paid for AEH, Access Family Health, and Region One.[194] These amounts and healthcare providers directly correspond to notations contained on H&H's invoices to DataConnex.[195]

58. Shortly after DataConnex received and responded to a subpoena issued to it in connection with this Investigation, DataConnex informed all six of these healthcare providers that it will no longer provide service to them under the Telecom Program after FY2016. Specifically, on April 28, 2017, DataConnex advised healthcare provider Iberia Comprehensive that it would "no longer be participating in the federal Rural Healthcare telecommunications subsidy program with respect to their services for

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[186] *See* Invoice, H&H Advisors, LLC to DataConnex (Apr. 15, 2015). HH_000131. H&H sent DataConnex a monthly invoice that included this description and amount each month through February 2017. *See, e.g.,* Invoice, H&H Advisors, LLC to DataConnex (May 1, 2015). HH_900013; Invoice, H&H Advisors, LLC to DataConnex (June 1, 2015). HH_00014; Invoice, H&H Advisors, LLC to DataConnex (Oct. 1, 2016). HH_01657; Invoice, H&H Advisors, LLC to DataConnex (Dec. 1, 2016). HH_00159; Invoice, H&H Advisors, LLC to DataConnex (Feb. 1, 2017). HH_00129. The parenthetical notations on H&H invoices appear to correspond to the healthcare provider associated with the billing item, and in this case the notation 1i appears to relate to Iberia Comprehensive.

[187] *See* Email from Shawn Miles, HCU to [redacted], (Oct. 22, 2014, 10:57 a m.). IBERIA-0033. *See also* Interview of [redacted], Iberia Comprehensive, Aug. 2, 2017. Information on file in EB-IHD-15-00020296.

[188] *Compare* Email from Shawn Miles, HCU to [redacted], (Oct. 22, 2014, 10:57 a m.), IBERIA-0033, *with* HCC United Service Agreement (Dec. 22, 2014). IBERIA-0061. *See also* Interview with [redacted], Iberia Comprehensive, Aug. 2, 2017. Information on file in EB-IHD-15-00020296.

[189] Email from Miles, HCU, to [redacted], Iberia Comprehensive (Oct. 22, 2014, 10:57 a.m.). IBERIA-0033. Miles quoted a fee of $550 per month. *See also* Healthcare Connect United Service Agreement, Iberia Comprehensive Health Center, Inc. [*sic*] (Dec. 22, 2014). IBERIA-0061 (stating that "with the first invoice of the vendor that New Iberia Community Health chooses . . ."). *See also* Interview of [redacted], Iberia Comprehensive, Aug. 2, 2017. Information on file in EB-IHD-15-00020296.

[190] Invoice, H&H Advisors, LLC (Feb. 1, 2017). HH_00129.

[191] Invoice, H&H Advisors, LLC (Dec.1, 2016). HH_00159. *See* Email from Shawn Miles, HCU, to Matt Howard, H&H (Mar. 3, 2016, 4:11 p.m.). HH_03420-1.

[192] Email from Shawn Miles, HCU, to Matt Howard, H&H (Mar. 3, 2016, 4:11 p.m.). HH_03422.

[193] *See* Invoice, H&H Advisors, LLC (Feb. 1, 2017). HH_00129.

[194] *See* DataConnex Commission Report, July 2016. APTUS_000006442. The Commission Report indicates that the monthly "[redacted]" are as follows: AEH $[redacted]; Region One $[redacted]; Access Family $[redacted]. *Id.*

[195] *See* Invoice, H&H Advisors, LLC (Feb. 1, 2017). HH_00129. *See also See* Invoice, H&H Advisors, LLC (Oct. 1, 2016). HH_01658.

Iberia Community Health Center . . . in response to findings from a recent internal audit."[196] Similar letters were sent by DataConnex to AEH, Community Counseling Services, Gulf Coast, Region One and Access Family Health.[197] DataConnex last submitted an invoice to USAC for an FRN related to Iberia Comprehensive, AEH, Gulf Coast, Access Family Health, Community Counseling Services, and Region One on March 5, 2017.[198]

59. Similarly, since the Commission began this Investigation, HCU has terminated its relationships with its former clients, including the above-referenced healthcare providers. Specifically, on July 12, 2017, HCU advised Iberia Comprehensive that it "finds itself unstaffed for the purposes of providing consulting services to your facility" and released Iberia Comprehensive from its agreement with HCU.[199] HCU also sent similar letters to AEH, Gulf Coast, Access Family Health, Community Counseling Services and Region One.[200] Both companies, HCU and H&H, have since ceased operations and dissolved. [201]

B. DataConnex Issued Urban Rates That Were Apparently False, Misleading, or Otherwise Unsubstantiated or Were Based on Forgeries

60. As DataConnex is a reseller of telecommunications services, it entered into contracts with facilities-based carriers such as AT&T and C-Spire, among others, to provide the underlying telecommunications services which DataConnex incorporated into the telecommunications solutions it then resold to healthcare providers. DataConnex's invoices to the healthcare providers for these services were used to substantiate the rural rate on the healthcare providers' Form 466s. DataConnex also provided urban rate letters to the healthcare providers or their consultants, which then submitted these letters to USAC to substantiate the urban rates listed on the healthcare providers' Form 466s and other supporting documentation. Taken together, DataConnex's rural rate and urban rate documents form the basis for USAC's calculation of the USF support for each Funding Request Number (FRN).[202] In accordance with the Commission's Rules, these documents were used, and relied upon, by USAC in issuing the Funding Commitment Letters (FCLs), Health Care Provider Support Schedules (HSSs), and ultimately the USF payments to DataConnex.[203] DataConnex's urban rate letters were supported by

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[196] Letter from Jason Cucullu, DataConnex, to [redacted], Iberia Community Health Center (Apr. 28, 2017). HCU also advised Iberia Comprehensive that it was "releasing [the] facility from [their] contract. . . effective from the receipt of this letter." *See* Email from Healthcare Connect United, LLC to [redacted], Iberia Comprehensive (July 12, 2017, 1:45 p.m.) (attaching an undated letter from Healthcare Connect United, L.L.C. to [redacted], Iberia Comprehensive Community Health [*sic*]).

[197] Information on file in EB-IHD-15-00020296.

[198] *Id.*

[199] *See* Email from admin@hccunited.com to [redacted], Iberia Comprehensive (July 12, 2017, 1:45 p.m.) (attaching a letter from Healthcare Connect United, LLC to Iberia Comprehensive regarding the discontinuation of its consulting services).

[200] Information on file in EB-IHD-15-00020296.

[201] *See supra* Section II.B.3.

[202] As used in 47 CFR §§ 54.605, 54.607, and 54.609, the "rate" refers to the entire cost of a service, end-to-end to the customer and does not refer to the cost of each element or sub-element of a telecommunications service. *See also Federal-State Joint Board on Universal Service*, Report and Order, 12 FCC Rcd. 8776, 9128-9, at paras. 674-5 (1997) (finding that "254(h)(1)(A) refers to 'rates for *services* provided to health care providers' and 'rates for similar *services* provided to other customers,' not rates for particular facilities or elements of a service.") (emphasis in original). DataConnex apparently violated 47 CFR §§ 54.605 and 54.609 by issuing urban rate letters that omitted the more expensive element of the service and making it appear as if its urban rates represented the entire cost of the telecommunications services at issue.

[203] *See* 47 CFR §§ 54.605, 54.607, 54.609. *See also supra* Section II.A. at paras. 8-15.

apparently forged and false AT&T sales quotes, misrepresented the true cost of the urban telecommunications services by not including all elements associated with the cost of services, and were otherwise invalid based on the underlying documentation produced in response to a subpoena issued by the Commission.

61. During the Investigation, the Commission served DataConnex with a subpoena that requested, among other things:

> 2.o. All documents concerning each urban rate DataConnex has provided in connection with [69 identified healthcare providers] or to anyone acting on the [healthcare providers'] behalf;
>
> 2.p. For each urban rate produced in response to request 2.o., all documents evidencing, supporting, or establishing said urban rate.[204]

In response, DataConnex produced sales quotes from carriers such as ACC Business, AT&T, and Airespring, among others, as supporting documentation for its urban rate letters.[205] DataConnex also produced a chart that linked each healthcare provider/FRN to the documents DataConnex had previously produced and which it apparently relied upon to purportedly substantiate its urban rate letters.[206]

1. DataConnex Received USF Payments Based on Urban Rate Letters That Were Supported by Apparently False and Forged Sales Quotes

62. The Investigation uncovered evidence that DataConnex transmitted, or caused to be transmitted to USAC through the healthcare providers or their consultants, urban rate letters that were supported by apparently false and forged sales quotes. These urban rate letters were then used by USAC to calculate the USF support payments that were disbursed to DataConnex.

63. At least 51 funding requests were supported by urban rate letters issued by DataConnex that apparently relied upon two sales quotes purportedly issued by AT&T for service in Mississippi based on alleged services provided to the Jackson Zoo located at 2918 W. Capitol Street, Jackson, Mississippi (Jackson Zoo)[207] and for service in Missouri based on alleged services provided to a Hardee's restaurant located at 5854 Oakland Avenue, St. Louis, Missouri (Hardee's Restaurant).[208] These two sales quotes purport to have been generated by an AT&T employee, [redacted], for Matt Cafferata, an HCU employee,

[204] FCC Subpoena to DataConnex, FCC Case No. EB-IHD-15-00020296 (Jan. 16, 2017).

[205] Letter from Deepika Ravi and Jared Marx, Harris, Wiltshire & Grannis, LLP to Mary Beth DeLuca and David Sobotkin, FCC (Feb. 15, 2017) (identifying responsive documents as those contained in Bates ranges DCX_00017772-DCX_00017772, DCX_00017668- DCX_00017761, and DCX_00017762-DCX_00017784). *See also* Letter from Deepika Ravi and Jared Marx, Harris, Wiltshire & Grannis, LLP to Mary Beth DeLuca and David Sobotkin, FCC (June 7, 2017) (attaching a "revised chart showing for each healthcare provider listed in the January 16 subpoena, the corresponding Bates ranges for documents produced in response to subpoena requests (2)(O) and 2(P) broken down by FRN.").

[206] Letter from Deepika Ravi and Jared Marx, Harris, Wiltshire & Grannis, LLP to Mary Beth DeLuca and David Sobotkin, FCC (June 7, 2017) (attaching a "revised chart showing for each [healthcare provider] listed in the January 16 subpoena, the corresponding Bates ranges for documents produced in response to subpoena requests (2)(O) and 2(P) broken down by FRN."). *See also* Email from Jared Marx, Harris, Wiltshire & Grannis, LLP to Mary Beth DeLuca and David Sobotkin, FCC (July 11, 2017, 12:16 p.m.) (attaching a revised chart with a column indicating the entity that procured the underlying documentation for the urban rates that DataConnex issued to healthcare providers).

[207] *See* 5.19.2017_DataConnex Initial Response to 5.8.2017 FCC Enforcement Bureau Request. *See also* 6.7.2017_DataConnex Revised Response to 5.8.2017 FCC Enforcement Bureau Request. DCX_00017768 (Recommended Solution, The Jackson Zoo, 2918 West Capitol St., Jackson, MS).

[208] *See id*. *See also* 6.7.2017_DataConnex Revised Response to 5.8.2017 FCC Enforcement Bureau Request. DCX_00017767 (Recommended Solution, Hardee's, 5854 Oakland Avenue, St. Louis, MO).

on July 26, 2015 (Hardee's Restaurant)[209] and July 27, 2015 (Jackson Zoo).[210] Unlike other standard AT&T sales quotes for similar types of services that were reviewed as part of the Investigation, these supposed AT&T sales quotes for the Jackson Zoo in Mississippi and Hardee's Restaurant in Missouri do not describe a service type or bandwidth.[211] Instead, the AT&T sales quotes for the Jackson Zoo and Hardee's Restaurant simply indicate that the "access charge" is $[redacted] while the "port charge" is $[redacted] for an unidentified telecommunications service.[212]

64. In response to a Commission subpoena, AT&T certified under penalty of perjury that it was unable to locate and produce these specific sales quotes or any other document related to sales quotes or solutions for the Jackson Zoo or a Hardee's Restaurant in 2015.[213] AT&T was also unable to identify or produce any documents that reflected the access charge for Ethernet at a bandwidth of 100 Mbps was $[redacted] per month in St. Louis, Missouri,[214] as claimed by DataConnex in its urban rate letters for healthcare provider Cedar County Memorial Hospital (Cedar County) which document the urban rate of $[redacted] listed on healthcare provider Cedar County's Form 466s filed with USAC.[215]

65. DataConnex's subpoena response further indicates that its urban rates for these FRNs are supported by an additional sales quote that is undated and issued by an unidentified carrier.[216] This alone renders this document invalid as an urban rate.[217] Moreover, the pricing of the telecommunications services listed on this undated document ([redacted] port and [redacted] loop) does not match the pricing set forth in DataConnex's urban rate letters for these FRNs or on the healthcare providers' FY2016 Form 466s ([redacted]).[218]

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[209] *See* DCX_00017767 (Hardee's Restaurant).

[210] *See* DCX_00017768 (Jackson Zoo).

[211] *Compare* DCX_00017767 (Hardee's Restaurant) *and* DCX_00017768 (Jackson Zoo) *with* ATT01-000419 (SEMO Health Services). As part of her job responsibilities at AT&T, [redacted] issued a sales quote for SEMO Health Services to Matthew Cafferata on Apr. 7, 2016.

[212] *Id.*

[213] *See* Letter from Jeanine Poltronieri, AT&T Services, Inc. to Mary Beth DeLuca, FCC and David Sobotkin, FCC (May 1, 2017). *See also* Subpoena Certificate of Compliance, FCC Case No. EB-IHD-15-00020296 (May 1, 2017).

[214] *See* FCC Subpoena to AT&T Services, Inc. Attachment A, para. h.3. (Mar. 8, 2017). *See also* Letter from Jeanine Poltronieri, AT&T Services, Inc. to Mary Beth DeLuca, FCC and David Sobotkin, FCC (May 1, 2017) and Subpoena Certificate of Compliance, FCC Case No. EB-IHD-15-00020296 (May 1, 2017).

[215] *See* DataConnex Service Quote, FY2015/2016, HCP 25078, FRNs 15697811; 15822111; 15822281; 16870131. DCX_00017717; DCX_00017716. *See also* DataConnex Service Quote, FY2015/2016, HCP 25421, FRNs 15697831; 15822301; 16870161. DCX_00017717. *See also* DataConnex Service Quote, FY2015/2016, HCP 20577, FRNs 15767261; 15822341; 16870141. DCX_00017717. The Form 466s indicate that DataConnex provided Cedar County with Ethernet at a bandwidth of 100Mbps. *See* FY2016 Form 466, HCP 25077, FRN 16870141 (Aug. 2, 2016); FY2016 Form 466, HCP 25078, FRN 16870131 (Aug. 2, 2016); and FY2016 Form 466, HCP 25421 FRN 16870161 (Aug. 2, 2016).

[216] *See* DCX_0001776 and 6.7.2017_DataConnex Revised Response to 5.8.2017 FCC Enforcement Bureau Request.

[217] *See, e.g., Rural Health Care Support Mechanism*, WC Docket No. 02-60, Order, 30 FCC Rcd 230, at para. 1-3 (2015). *See also* Form 466 Instructions, Block 6 (stating that the source of the documentation and the date must be clearly identifiable on the document) and Form 466; USAC, Rural Health Care, Telecommunications Program, Health Care Providers, Documentation, http://www.usac.org/rhc/telecommunications/health-care-providers/documentation.aspx (last visited Sept. 25, 2017).

[218] *See, e.g.*, FY2016 Form 466, HCP 10800, FRN 1685520, Block 6, No. 41 (July 5, 2016) (urban rate of $[redacted]); DCX_00017672; FY2016, Form 466, HCP 15737, FRN 1685620, Block 6, No. 41 (July 8, 2015); DCX_00017672. *Compare* DCX_00017776 *with* DCX_00017672. *See* also Appendix B; Appendix G.

66. Therefore, it appears that DataConnex issued urban rate letters which relied on the apparently false and forged AT&T sales quotes for the Jackson Zoo and a Hardee's Restaurant to support at least 51 FRNs for FY2016,[219] for which DataConnex requested USF payments through at least July 2017.[220]

2. DataConnex's Urban Rate Letters Apparently Mispresented the Cost of Urban Telecommunications Services

67. DataConnex also apparently misrepresented the cost of urban telecommunications services by submitting urban rate letters that did not include all the costs associated with the services to improperly increase its USF payments.[221] In response to a subpoena requesting supporting documentation for its urban rates, DataConnex provided three sales quotes issued to NSS from ACC Business, an affiliate of AT&T Services, Inc., and identified the healthcare providers/FRNs supported by these rates.[222] These ACC Business sales quotes were for ASE-Switched Ethernet service and the monthly recurring charge per circuit was $[redacted] for 10Mbps service, $[redacted] for 50Mbps service, and $[redacted] for 100Mbps service.[223] DataConnex's urban rate letters listed a "monthly access charge" of $[redacted] which represented the costs associated with only the "Port" component of these services.[224] DataConnex, without explanation, apparently omitted from its urban rate letters any costs associated with the "Committed Information Rate" component of the service.[225] This resulted in a much lower urban rate, an artificially increased differential between the urban rate and the rural rate, and a higher payment to DataConnex from the Fund.

68. In response to the Commission subpoena, DataConnex responded through counsel that its urban rate letters based on the ACC Business sales quotes were also supported by Airespring sales quotes. However, these sales quotes appear to have been created in November 2016, months after the FY2016

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[219] *See* Appendix B.

[220] *See* RHCD Service Provider Invoice Status Reports. Information on file in EB-IHD-15-00020296.

[221] The term "rate" refers to the entire cost of a service, end-to-end to the customer and does not refer to the cost of each element or sub-element of a telecommunications service. *See* 47 U.S.C. § 254(h)(1)(A). *See also Federal-State Joint Board on Universal Service*, Report and Order, 12 FCC Rcd. 8776, 9128-9, at paras. 674-5 (1997) (finding that 47 U.S.C. § "254(h)(1)(A) refers to 'rates for *services* provided to health care providers' and 'rates for similar *services* provided to other customers,' not rates for particular facilities or elements of a service.") (emphasis in original).

[222] *See* 5.19.2017_DataConnex Initial Response to 5.8.2017 FCC Enforcement Bureau Request. *See also* 6.7.2017_DataConnex Revised Response to 5.8.2017 FCC Enforcement Bureau Request and DCX_00000882-00000884.

[223] AT&T's Switched Ethernet Service consists of three elements: the "Port" connection which provides the physical transport facilities from the customer's premises to an Ethernet switch at an AT&T central office; the "Committed Information Rate" (CIR) or logical channel of the port which provides the bandwidth available on a customer's port connection; and the "Customer Port Connection Capacity" (CoS) which establishes the performance characteristics of the network that are suitable for certain applications. Each port connection has a single CIR and CoS associated with it. *See* AT&T Switched Ethernet Service Guide, Section 2, Service Description, SD-3.1.1 Basic Customer Port Connection and SD-3.1.2 Committed Information Rate (CIR) and Class of Service (CoS).

[224] The sales quotes include a Port charge of $[redacted]. *See* 5.19.2017_DataConnex Initial Response to 5.8.2017 FCC Enforcement Bureau Request. *See also* Appendix G; 6.7.2017_DataConnex Revised Response to 5.8.2017 FCC Enforcement Bureau Request. DCX_00000882-00000884.

[225] The sales quotes also include a CIR charge of $[redacted], $[redacted], and $[redacted] for 10Mbps, 50Mbps, and 100Mbps service, respectively. *See* 5.19.2017_DataConnex Initial Response to 5.8.2017 FCC Enforcement Bureau Request. *See also* Appendix G; 6.7.2017_DataConnex Revised Response to 5.8.2017 FCC Enforcement Bureau Request. DCX_00000882-00000884.

Form 466s were filed with USAC.[226] As they did not exist at the time, DataConnex could not have relied upon these sales quotes when it issued its urban rate letters in FY2015, or its FY2016 urban rate letters which predate November 2016.

69. Second, the Airespring sales quotes reflect a "port" monthly recurring charge of $[redacted] and a "loop" monthly recurring charge of $[redacted] for a total cost of service of $[redacted].[227] These sales quotes apparently do not support an urban rate of $[redacted] or $[redacted].

70. Moreover, on November 4, 2016, the Commission issued a Notice of Apparent Liability for Forfeiture and Order against Network Services Solutions (*NSS NAL*) finding that the ACC Business sales quotes were apparently not valid support for an urban rate of $138.[228] Yet, DataConnex continued to invoice USAC for support amounts that were based on the same ACC Business sales quotes at issue in the *NSS NAL* through at least July 2017.[229]

71. The Investigation has uncovered that DataConnex issued urban rate letters based on the ACC Business sales quotes that mispresented the total cost of urban service as described in the ACC Business sales quotes to support at least 44 FRNs for FY2016,[230] for which DataConnex requested USF payments through at least July 2017.[231]

3. DataConnex Issued Urban Rate Letters Without Underlying Documents to Substantiate the Listed Rates

72. As part of this Investigation, the Commission issued a subpoena to DataConnex seeking all documentation evidencing or supporting its urban rate letters.[232] Despite the Commission's subpoena, DataConnex did not produce the requested information for many of its $[redacted]/$[redacted] urban rate letters. Instead, DataConnex apparently issued numerous urban rate letters without supporting documentation and made urban rate representations to USAC and healthcare providers without any justifiable basis to do so.

73. In response to the Commission's subpoena, DataConnex provided emails between McMasters and an AT&T employee concerning an ACC sales quote for Switched Ethernet Services at a site located in Nashville, Tennessee.[233] DataConnex represented to the Commission that these emails,

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[226] *See* Airespring Quote ID: 1120244619, Proposal: 73118 (Nov. 21, 2016). DCX_0001772-0001773. *See, e.g.,* FY2016 Form 466, HCP 22233, FRN 1687497 (Aug. 18, 2016); FY2016 FCL, HCP 22233, FRN 1687497 (Oct. 12, 2016) and FY2016 Form 466, HCP 26328, FRN 1685559 (July 6, 2016); FY2016 FCL, HCP 26328, FRN 1685559 (Sept. 14, 2016). *See also* Appendix G.

[227] *See* Airespring Quote ID: 1120237045, Proposal: 71698 (Nov. 8, 2016) and Airespring Quote ID: 1120244619, Proposal: 73118 (Nov. 21, 2016). *See also* Appendix G.

[228] *Network Services Solutions, LLC and Scott Madison,* Notice of Apparent Liability for Forfeiture and Order, 31 FCC Rcd. 12238 (Nov. 4, 2016) (*NSS NAL*) at paras. 84-87. In response to a subpoena, AT&T advised that [redacted] *See* AT&T's Response to Subpoena in EB-IHD-15-00019132 at 4-7 (Mar. 23, 2016). The Commission found that the $[redacted] per month rate apparently does not reflect the actual sales price of these services to commercial customers in the relevant urban areas as set forth in NSS's urban rate letters which are similar in substance to those issued by DataConnex. *NSS NAL* at paras. 84-87.

[229] *See* RHCD Service Provider Invoice Status Reports. Information on file in EB-IHD-15-00020296.

[230] *See* Appendix C; Appendix G.

[231] *See* RHCD Service Provider Invoice Status Reports. Information on file in EB-IHD-15-00020296.

[232] FCC Subpoena to DataConnex, FCC Case No.: EB-IHD-15-00020296 (Jan. 16, 2017).

[233] *See* Email from [redacted], AT&T, to Justin McMasters (Jan. 2, 2014, 3:06 p m.). DCX_00017791. In this email, [redacted] and McMasters discussed three ACC Business sales quotes issued to NSS for ASE-Switched Ethernet service and the monthly recurring charge per circuit was $[redacted] for 10Mbps service, $[redacted] for 50Mbps service, and $[redacted] for 100Mbps service. *See supra* Section III.B.2. at para. 67.

along with this ACC sales quote, supported the urban rates letters it issued for at least 34 FRNs for FY2016.[234] In these emails, however, the AT&T employee made clear that such a rate would be valid only if a series of conditions were met and other approvals were obtained, none of which appear to have occurred.[235] During a 2014 email exchange, wherein he received the ACC sales quote, McMasters asked the AT&T employee: "[redacted]"[236] In response, the AT&T employee noted that whether the same pricing was available in places other than the one quoted "[redacted]" and proceeded to list five factors that would affect whether the pricing could be replicated in other places.[237] The AT&T employee closed by adding that they may be able to obtain "[redacted]" "[redacted]."[238] Despite the AT&T employee's conditional response, DataConnex issued at least 34 urban rate letters for states other than Tennessee in apparent reliance on this email exchange from years earlier.[239]

74. DataConnex used these ACC Business sales quotes to support a variety of services (Point to Point, Ethernet, Switched Ethernet, MPLS), at a variety of speeds (20 Mbps to 100 Mbps), under different contract terms, even though the sales quotes were solely for ASE-Switched Ethernet service under a three-year contract term.[240] For example, DataConnex's urban rate letters for healthcare provider River Valley indicated that the "monthly access charge" for both a 20Mbps MPLS circuit and a 100Mbps MPLS circuit in Little Rock, Arkansas, was $[redacted] under a 36-month contract term.[241] DataConnex also

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[234] If DataConnex obtained ACC Business quotes other than the emails and sales quotes referenced above, it did not produce these sales quotes in response to the Commission's subpoena. In such a case, DataConnex would have apparently failed to retain documentation related to its compliance with program rules in violation of Section 54.619 of the Commission's Rules.

[235] *See* Emails between McMasters, Aptus, to [redacted], AT&T (Jan. 2, 2014). DCX_00017791-3. *See also supra* Section III.B.2.

[236] Email from McMasters to [redacted], AT&T (Jan. 2, 2014, 12:06 p m.). DCX_00017793.

[237] Email from [redacted], AT&T, to McMasters (Jan. 2, 2014, 2:33 p.m.). DCX_00017792-3.

[238] *Id.*

[239] See Appendix C. This rate is apparently invalid for other reasons, including that these services were not available to commercial customers but were wholesale quotes available only to resellers. *See* AT&T's Response to Subpoena at 4-7 (Mar. 23, 2016). Even if available to commercial customers, the ACC Business sales quotes would have supported only FY2014 urban rates and FY2014 Evergreen contracts. Regardless, the $[redacted]/$[redacted] rates are invalid because the rates represent only one element of the service rather than the entire cost of the service. *See supra* Section III.B.2. The Airespring urban rates produced in response to the Commission's subpoena do not substantiate these urban rate letters for the reasons set forth above. *See supra* Section III.B.2.

[240] DataConnex has issued urban rate letters for $[redacted]/$[redacted] based upon these ACC Business sales quotes. *See, e.g.,* FY2016 Form 466, HCP No. 15050, FRN 1681685, Block 6, No. 41 (May 29, 2016) (attaching DataConnex Service Quote dated Sept. 1, 2015, 20Mbps Point to Point service for a recurring access charge of $[redacted]); FY2016 Form 466, HCP No. 15050, FRN 1681687, Block 6, No. 41 (May 29, 2016) (attaching DataConnex Service Quote dated Aug. 2015, 100Mbps Point to Point service for a recurring access charge of $[redacted]); FY2016 Form 466, HCP No. 15112, FRN 1681700, Block 6, No. 41 (May 30, 2016) (attaching DataConnex Service Quote dated Aug. 14, 2015, 20Mbps Switched Ethernet service for a recurring access charge of $[redacted]); FY2016 Form 466, HCP No. 16017, FRN 1681702, Block 6, No. 41 (May 30, 2016) (attaching DataConnex Service Quote dated Aug. 27, 2015, 50Mbps Ethernet service for a recurring access charge of $[redacted]); FY2016 Form 466, HCP No. 16017, FRN 1685424, Block 6, No. 41 (June 30, 2016) (attaching DataConnex Service Quote dated Aug. 27, 2015, 100Mbps Ethernet service for a recurring access charge of $[redacted]). *See also* 5.19.2017_DataConnex Initial Response to 5.8.2017 FCC Enforcement Bureau Request; and 6.7.2017_DataConnex Revised Response to 5.8.2017 FCC Enforcement Bureau Request and DCX_00000882-00000884; Appendix G.

[241] *See* FY2016 Form 466, HCP 22233, FRN 1687494, Block 6, No. 41 (Aug. 18, 2016) (attaching DataConnex Service Quote dated Feb. 11, 2016, 20Mbps MPLS service for a monthly access charge of $[redacted]). *See* FY2016 Form 466, HCP 22233, FRN 1687500, Block 6, No. 41 (Aug. 18, 2016) (attaching DataConnex Service Quote dated Oct.

(continued….)

issued a $[redacted] urban rate letter for healthcare provider River Valley for "Ethernet Access" at a bandwidth of 100Mbps and a 36-month contract term.[242] This same $[redacted] urban rate was apparently also available in Myrtle Beach, South Carolina but under a longer contract term of 60 months. Healthcare provider Little River Loris Medical (Little River) received USF support based on DataConnex urban rate letters that indicated that the "monthly charge" for Ethernet Access at a bandwidth of 100Mbps for a 60-month contract term was $[redacted].[243] DataConnex also issued urban rate letters in reliance on these ACC Business sales quotes for Little River's Point to Point-Fiber service at bandwidths of both 50Mbps and 100Mbps under a 60-month contract term of $[redacted] ($[redacted] for each terminating point).[244]

75. Finally, it appears that DataConnex issued the urban rate letters it claims were based on the Jackson Zoo and Hardee's Restaurant sales quotes[245] without having possession of these sales quotes or a reasonable basis for relying on this purported urban rate. On August 10, 2016, Blahnik emailed Miles and asked for "copies of the documents that we are using for our Urban Rates" for Mississippi and Missouri.[246] McMasters told Miles,"[t]his is part of the audit therefore we are on a very tight deadline."[247] When Miles could not locate the urban rate documents, McMasters told him, "[w]e are looking for the AT&T or Windstream or whoever the urban rate is from, not the DCX one."[248] Miles later sent McMasters two documents labeled "Hardees [*sic*] urban rate for MO.pdf" and "Jackson Zoo urban rate for MS.pdf."[249] DataConnex represented to the Commission that it relied on the Jackson Zoo and Hardee's Restaurant documents to support urban rate letters in connection with 51 FRNs for FY2016 and at least 50 FRNs for FY2015.[250] Nonetheless, the emails between DataConnex and HCU/H&H staff above appear to indicate that DataConnex did not possess these Jackson Zoo and Hardee's Restaurant documents until August 2016, and only sought to obtain them after they were requested by the USAC contract auditor.[251]

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13, 2015, 100Mbps MPLS service for a monthly access charge of $[redacted]). *See* FY2016 Form 466, HCP 22233, FRN 1687499, Block 6, No. 41 (Aug. 18, 2016) (attaching DataConnex Service Quote dated Mar. 2, 2016, Ethernet service at 100Mbps for a monthly access charge of $[redacted]). *See also* Appendix G.

[242] *See* FY2016 Form 466, HCP 22233, FRN 1687499, Block 6, No. 41 (Aug. 18, 2016) (attaching DataConnex Service Quote dated Feb. 11, 2016, 100Mbps Ethernet service for a monthly access charge of $[redacted]).

[243] *See* FY2016 Form 466, HCP 26328, FRN 1685554, Block 6, No. 41 (July 6, 2016) (attaching DataConnex Service Quote dated Sept. 25, 2015, 100Mbps Ethernet Access service for a monthly access charge of $[redacted]).

[244] *See* FY2016 Form 466, HCP 26328, FRN 1685553, Block 6, No. 41 (July 6, 2016) (attaching DataConnex Service Quote dated Sept. 1, 2015, 50Mbps Point to Point - Fiber service for a monthly access charge of $[redacted] (two circuits at $[redacted] for each circuit) and FY2016 Form 466, HCP 26328, FRN 1685558, Block 6, No. 41 (July 6, 2016) (attaching DataConnex Service Quote dated Aug. 13, 2015, 100Mbps Point to Point - Fiber service for a monthly access charge of $[redacted]).

[245] *See supra* Section III.B.1.

[246] *See* Email from William Blahnik, DataConnex, to Shawn Miles, HCU (Aug. 10, 2016, 8:56 a m.). HCC09580.

[247] *See* Email from Justin McMasters, Aptus, to William Blahnik, DataConnex, and Shawn Miles, HCU (Aug. 10, 2016, 8:59 a m.). HCC09580.

[248] Email from Justin McMasters, Aptus, to Shawn Miles, HCU (Aug. 10, 2016, 9:31 a.m.). HCC09580.

[249] Email from Shawn Miles, HCU, to Justin McMasters, Aptus, and William Blahnik, DataConnex (Aug. 10, 2016, 12:43 p.m.). HCC09579.

[250] Information on file in EB-IHD-15-00020296. *See also* 5.19.2017_DataConnex Initial Response to 5.8.2017 FCC Enforcement Bureau Request; and 6.7.2017_DataConnex Revised Response to 5.8.2017 FCC Enforcement Bureau Request.

[251] As noted above, the Investigation indicates that these sales quotes appear to have been created only after supporting documentation was requested in connection with the USAC audit and backdated to July 2015. *See supra* Section III.B.1. However, if DataConnex failed to retain the Jackson Zoo and Hardee's Restaurant sales quotes,
(continued….)

C. DataConnex Apparently Submitted Payment Requests to USAC That Were Based on Contracts Tainted by Violations of Applicable Rules and/or Were Based on Invalid Urban Rate Documentation and in so Doing Falsely Implied Compliance with Commission Rules

76. In order to receive payments from the USF in connection with services it rendered through the RHC Program, DataConnex submitted to USAC approximately one payment request per month.[252] These payment requests contained DataConnex's name, Service Provider Information Number (SPIN), SPIN invoice number, date, total amount requested, and an itemized list for each specific payment request (including funding year, HCP number, Funding Request Number, HCP Entered Billing Account number, whether the payment request was for multiple months, the support date for the month(s) DataConnex sought payment, and the support amount to be paid by USAC).[253]

77. From at least April 2015 through July 2017, DataConnex submitted monthly payment requests via USAC's MyPortal system in connection with services it rendered in the RHC Program.[254] In submitting each payment request, DataConnex certified that "the information contained in this invoice is correct and that the health care providers and Billed Account Numbers listed above have been credited with the amount shown under 'Support Amount to be Paid by USAC."[255] DataConnex further submitted its monthly payment requests after it was warned that "[p]ersons willfully making false statements on the invoice can be punished by fine or forfeiture under the Communications Act, 47 U.S.C. Secs. 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. Sec. 1001."[256]

78. When DataConnex certified its funding requests through the MyPortal system, it represented that the support amounts contained on its payment requests to USAC were calculated in accordance with the Health Care Provider Support Schedule (HSS), which was issued by USAC for each of the respective Funding Request Numbers (FRNs) listed on the payment request. The HSS lists the approved monthly support amounts for each billing cycle, as well as the telecommunications service type, bandwidth, FRN, SPIN, funding start date, funding end date, Form 465 application number, HCP number, funding year, HCP name, HCP Entered Billing Account Number, and other information associated with the computation and basis for payment in the RHC Program.[257] The HSS is sent to all account holders and the service provider.[258] In determining the support amount contained on the HSS, which is then incorporated into the service providers' monthly payment requests, USAC uses the information contained in the Form 466, as well as the rural and urban rates previously provided to USAC.[259]

79. As a result, in submitting its monthly payment requests to USAC, DataConnex apparently relied upon contracts it obtained as a result of its apparent violations of the Commission's competitive

(Continued from previous page)
rather than apparently issuing urban rate letters without valid underlying documentation or a reasonable basis for relying on this urban rate, DataConnex would apparently violate Section 54.619 of the Commission's Rules by failing to retain documentation related to its compliance with program rules.

[252] *See, e.g.,* Appendix D.

[253] *Id.*

[254] Information on file in EB-IHD-15-00020296; *see also* Appendix D.

[255] Information on file in EB-IHD-15-00020296.

[256] *Id.*

[257] *See, e.g.,* Health Care Provider Support Schedule (HSS), Sabine Comprehensive Health Clinic, FRN 16766501 (Jul. 8, 2016); *see also supra* Section II.A.

[258] *Id.*

[259] *Id.*

bidding, and the Commission's rules governing false, misleading, and unsubstantiated urban rates, and in doing so falsely implied compliance with the Commission's rules.

IV. DISCUSSION

80. Based upon the evidence developed in the Investigation, we conclude that DataConnex apparently willfully and repeatedly violated sections 201(b) and 254(h)(1)(A) of the Act and sections 54.603, 54.605, 54.609, and 54.615 of the Commission's Rules.[260] By apparently engaging in conduct that placed the service provider in the position to influence the healthcare provider's award of an ostensibly competitive bid and requesting USF support payments based on these contracts, DataConnex apparently violated sections 201(b) and 254(h)(1)(A) of the Act and sections 54.603 and 54.615 of the Commission's Rules. By requesting USF payments for services that were based on apparently false, forged, misleading, and unsubstantiated documents to support its urban rates, DataConnex apparently violated sections 201(b) and 254(h)(1)(A) of the Act and sections 54.605 and 54.609 of the Commission's Rules. For multiple years and continuing through the present, and, as a direct result of these apparent violations, DataConnex was awarded many contracts from healthcare providers and received millions of dollars in improper payments from the Fund.[261] As discussed above, we find these apparent violations are documented in payment requests DataConnex submitted to USAC within one year of the release of this NAL.[262]

A. DataConnex Apparently Falsely Implied Compliance with the Rural Health Care Program Rules, and Acted Unreasonably and Unjustly, When Requesting Payment for Services Rendered under Contracts that Undermined the Integrity of the Competitive Bidding Process

81. As the Commission has repeatedly stated, competitive bidding rules are vital to ensuring that the USF is "used wisely and efficiently" across USF-funded programs, and that healthcare providers "are aware of cost-effective alternatives" to ensure fiscal responsibility and to limit waste, fraud, and abuse of the Fund.[263] Fundamental to this is the Commission's requirement that RHC Program contracts be awarded through a competitive bidding process.[264] A critical requirement of the competitive bidding process is to ensure that it is conducted in a manner such that no bidder receives an unfair advantage over

[260] *See* 47 U.S.C. §§ 201(b), 254(h)(1)(A); 47 CFR §§ 54.603, 54.605, 54.609, 54.615.

[261] *See supra* Section III.A.

[262] *See supra* Sections III.A, III.C; Appendix D.

[263] *Federal-State Joint Board on Universal Service First Report and Order*, Report and Order, 12 FCC Rcd. 8776, 9133-34, paras. 686, 688 (1997); *see also Schools and Libraries Universal Service Support Mechanism, Fifth Report and Order*, 19 FCC Rcd 15808, 15813 at para. 13 (2004) (stating that the Commission is committed to deterring inappropriate uses of universal service monies and to rapidly detect and address potential misconduct including waste, fraud, and abuse.); *Rural Health Care Support Mechanism*, Report and Order, 27 FCC Rcd 16678, 16778, paras. 229-30 (2012) ("[C]ompetitive bidding furthers the competitive neutrality requirement . . . of the Act by ensuring that universal service support does not disadvantage one provider over another . . . [A]ll entities participating in the [RHC Program] must conduct a fair and open competitive bidding process prior to submitting a request for funding . . ."); and *Schools and Libraries Universal Service Support Mechanism*, Third Report and Order and Second Further Notice of Proposed Rulemaking, 18 FCC Rcd 26912, 26939, para. 66 (2003) (*Schools and Libraries Third Report and Order*) (stating that the competitive bidding process is critical to preventing waste, fraud, and abuse of program resources).

[264] 47 CFR § 54.603(a). *See also Federal-State Joint Board on Universal Service First Report and Order*, Report and Order, 12 FCC Rcd 8776, 9133-34, paras. 686, 688 (1997) ("Consistent with the Joint Board's recommendation for eligible schools and libraries, we conclude that eligible health care providers shall be required to seek competitive bids for all services eligible for support pursuant to section 254(h) by submitting their bona fide requests for services to the Administrator [for posting]").

another bidder.[265] The Commission has held that the RHC Program Rules, "including the competitive bidding rules, apply to all applicants and service providers."[266] As service providers have long been aware, the Commission will take action against such service providers that seek to secure an unfair advantage in competing for contracts supported by the USF or otherwise engage in conduct that threatens to damage the integrity of USF programs in violation of the Commission's Rules.[267] The Commission has repeatedly made clear that compliance with its bidding rules is a prerequisite for receipt of payments from the Fund and that those who violate the competitive bidding rules are not entitled to payment.[268] In light of this precedent, it is also clear that where parties seek reimbursement from the Fund, they impliedly represent that they have not violated the Commission's competitive bidding rules in a manner that would disqualify them from reimbursement.[269] Separately and independently, it is an unjust and

[265] *See, e.g., Mastermind Order,* 16 FCC Rcd 4028 (finding that the FCC Form 470 contact person influences an applicant's competitive bidding process by controlling the dissemination of information regarding the services requested and, when an applicant delegates that power to an entity that also participates in the bidding process as a prospective service provider, the applicant impairs its ability to hold a fair competitive bidding process). *See also Requests for Review of Decisions of the Universal Service Administrator by Hospital Networks Management, Inc., Manchaca, TX,* 31 FCC Rcd 5731, 5742 para. 20 (Wireline Comp. Bur. 2016) ("The principles underlying the *Mastermind Order* and other orders addressing fair and open competitive bidding not only apply to the E-rate program . . ., but also to participants in the rural health care program. Indeed, the mechanics of the bidding processes in the rural health care and E-rate programs are effectively the same.") (internal citation omitted); *Request for Review, Franciscan Skemp Waukon Clinic, Waukon, IA,* 29 FCC Rcd 11714, 11717 at para. 9 (Wireline Comp. Bur. 2014) (finding that signing a Telecom Program contract before the expiration of the 28-day waiting period impairs the applicant's ability to hold a fair and open competitive bidding process.).

[266] *Rural Health Care Support Mechanism,* Report and Order, 27 FCC Rcd. 16678, 16737, para. 126 (2012). The Commission's competitive bidding requirements date back to the inception of the USF and have always applied to service providers. In July 1997, the Commission granted a limited waiver to the competitive bidding rules for contracts signed before the competitive system became fully operational, noting that the exemption applied to "schools, libraries, and service providers." *Federal-State Joint Board on Universal Service,* Order on Reconsideration, 12 FCC Rcd. 10095, 10098, paras. 9-10 (1997). In December 1997, the Commission extended the limited waiver of the competitive bidding rules rules regarding support for existing contracts to the rural health care program to "reduce potential confusion on the part of program participants and providers." *Federal-State Joint Board on Universal Service,* Fourth Order on Reconsideration 13 FCC Rcd. 2372, 2445, para. 219 (1997).

[267] Service providers have been on notice that funding commitments resulting from contracts awarded in violation of the competitive bidding rules will be rescinded and the disbursed funds recovered. In 2007, the Commission noted that "the danger of waste, fraud, and abuse by service providers is as great as the danger of such conduct by rural health care providers" and advised that "funds disbursed from the rural health care support mechanism in violation of a Commission rule that implements the statute or a substantive program goal will be recovered and that sanctions, including enforcement actions would be appropriate in cases of waste, fraud, and abuse…". *Comprehensive Review of the Universal Service Fund Management, Administration, and Oversight,* Report and Order, 22 FCC Rcd. 16372, 16385-86, paras. 26, 30 (2007) (*Comprehensive Report and Order*). *See, e.g., Rural Health Care Support Mechanism,* Report and Order, 27 FCC Rcd. at 16678, para. 126 ("To the extent there are violations of the competitive bidding rules, such as sharing of inside information during the competitive bidding process, USAC will adjust funding commitments or recover any disbursed funds through its normal process."). *See, e.g., Mastermind Order,* 16 FCC Rcd 4028 ; *see also Request for Review of Decisions of the Universal Service Administrator by Joseph M. Hill, Trustee in Bankruptcy for Lakehills Consulting, LP.,* CC Docket No. 02-6, Order, 26 FCC Rcd 16586 (2011).

[268] *See, e.g., Rural Health Care Support Mechanism,* Report and Order, 27 FCC Rcd. at 16678, para. 126; *Comprehensive Report and Order,* 22 FCC Rcd. at 16385-86.

[269] *See Lazo Technologies,* 26 FCC Rcd at 16661 (affirming denial of "payment for the invoices at issue because the underlying contract for the E-rate services was tainted by a bribery scheme that violated the Commission's competitive bidding requirements and program rules"); *see also Universal Health Services, Inc.,* 136 S.Ct. at 1999, 2001 ("When, as here, a defendant makes representations in submitting a claim but omits its violations of statutory, regulatory, or contractual requirements, those omissions can be a basis for liability if they render the defendant's representations misleading with respect to the goods or services provided.").

unreasonable practice under Section 201(b) of the Act for a service provider to seek payment pursuant to an agreement it knows is tainted by violations of the Commission's competitive bidding rules.[270]

82. It is a common practice throughout the RHC Program for healthcare providers to retain consultants to assist in navigating the competitive bidding process and the RHC Program generally. The role of consultants in the RHC Program has been a longstanding focus of the Commission, and in particular the risk that service providers and consultants may engage in financial relationships and business practices that would undermine the required competitive bidding process.[271] Ten years ago, in requiring that consultants be disclosed to USAC and the Commission, we wrote that such disclosure is necessary to "identify and prosecute individuals that may seek to manipulate the competitive bidding process or engage in other illegal acts."[272] The facts uncovered by the Investigation demonstrate that this is apparently the case with DataConnex, which acted in concert with HCU/H&H and in so doing unduly influenced the competitive bidding process and gained an unfair advantage over other bidders and potential bidders, and was awarded contracts for services based on which DataConnex submitted payment requests to USAC. Such conduct violates sections 54.603 and 54.615 of the Commission's Rules and sections 201(b) and 254(h)(1)(A) of the Communications Act.

83. The Investigation established that DataConnex obtained dozens of contracts from healthcare providers for services supported by the Fund as a result of its multiyear financial relationship with HCU/H&H whereby it referred healthcare providers to HCU in exchange for contract awards.[273] In doing so, DataConnex apparently unduly influenced the procurement process of the HCPs and violated sections 54.603 and 54.615 of the Commission's Rules requiring a competitive bidding process for these services as a condition to obtaining USF support for these services.

84. As outlined above, DataConnex regularly referred healthcare providers to HCU in order for healthcare providers to obtain consulting services.[274] When DataConnex provided healthcare providers with the names of other consultants along with HCU, DataConnex's referrals oftentimes favored HCU.[275] When DataConnex provided a list of consultants to healthcare providers, DataConnex emphasized its prior relationship with HCU and Miles as well as the satisfaction of their mutual clients and advised the healthcare providers it had no experience with the other consultants.[276] Although DataConnex identified other consultants to healthcare providers, HCU was the only consultant mentioned positively to healthcare providers.[277] In most instances, those healthcare providers that DataConnex referred to HCU retained HCU as their consultant.[278] This conduct violates sections 54.603 and 54.615 because DataConnex gained an unfair advantage over other bidders and potential bidders and impaired the HCPs' ability to hold a fair and competitive procurement process.

85. In HCU's marketing materials, it held itself out to healthcare providers as an independent

[270] 47 U.S.C. § 201(b).

[271] *See supra* notes 265-267. For example, if the consultant serves as the contact person and is affiliated with a prospective bidder, he/she may not provide information to other bidders of the same type and quality he/she provides to his/her preferred bidder or may discourage prospective bidders from submitting a bid. Moreover, a close affiliation between a contact person/consultant and a service provider could result in *de facto* preselection of that healthcare provider, notwithstanding the requirement for awarding contracts by competitive bidding.

[272] *Rural Health Care Support Mechanism*, Order, 22 FCC Rcd. 20360, 20415, para. 104.

[273] *See supra* Section III.A. *See also* Appendix F.

[274] *See supra* Section III.A.2.

[275] *See id.*

[276] Email from Justin McMasters, Aptus, to [redacted], Ocoee (Mar. 9, 2015, 9:37 p.m.). HCC20815.

[277] *Id.*

[278] *See supra* Section III.A.

consulting firm that prides itself on having no relationships with any service providers or other vendors.[279] In reliance on these assurances of independence, healthcare providers retained HCU to assist in the solicitation of bids, the weighing of competing bids, the filing of program forms, and virtually all other aspects of the healthcare providers' participation in the RHC Program.[280] These assurances of independence were apparently false. Instead, HCU/H&H and DataConnex apparently engaged in a longstanding financial relationship that brought a windfall to both DataConnex and Howard, HCU's and H&H's sole owner.

86. This relationship provided incentives for DataConnex to refer healthcare providers to HCU and to make payments to H&H. In exchange, HCU-represented healthcare providers selected DataConnex as their service providers giving HCU an incentive to steer clients to DataConnex during the competitive bidding process. Under this arrangement, DataConnex made payments totaling $222,110.94 to H&H over a two-year period, and HCU-represented healthcare providers awarded dozens of contracts to DataConnex, through competitive bidding processes that were not competitive.[281] In addition to several lump sum payments of over $20,000, DataConnex made regular monthly payments to H&H of $5,000, plus additional amounts tied to six specific healthcare providers.[282] Such conduct violates sections 54.603 and 54.615 of the Commission's Rules as DataConnex provided HCU with a financial incentive to steer the HCPs to its proposed telecommunications solutions and gave DataConnex an unfair advantage over other bidders and potential bidders during the procurement process.

87. Internal company emails show key DataConnex/Aptus employees and key HCU/H&H employees discussed the overarching transactional and financial relationship between the companies, the plan for DataConnex to steer healthcare providers to HCU, the plan for HCU to steer healthcare providers to DataConnex to increase each other's RHC Program revenue, and specific dollar breakdowns of the fees DataConnex would pay to H&H that were to serve as partial payments towards healthcare providers' consulting fees to HCU, which thereby increased HCU's revenue and provided the appearance of lowering HCU's consulting costs to healthcare providers to make HCU more financially attractive to healthcare providers.[283] For example, after healthcare provider Iberia Comprehensive rejected HCU's proposed $550 per month fee, HCU lowered Iberia Comprehensive's consulting fee to $100 per month and DataConnex began paying H&H $400 per month, with invoices that contain notations to indicate DataConnex's $400 monthly payments were in connection with services provided to Iberia Comprehensive.[284] Similar notations appear in invoices H&H issued to DataConnex for other healthcare providers represented by HCU that were serviced by DataConnex—including healthcare providers Gulf Coast, AEH, Access Family, and Community Counseling Services—further indicating that it was a widespread practice for DataConnex to pay H&H to apparently offset any loss of revenue to HCU caused by the reduced fees charged to some DataConnex clients.[285] This conduct impaired the ability of the HCPs to conduct the required competitive bidding process and violates Sections 54.603 and 54.615 of the Commission's Rules governing the competitive bidding process and the selection of service providers in

[279] *See supra* Section II.B.3; III.A.

[280] *See id.*

[281] *See supra* Sections II.B, III.A; Appendix A.

[282] *See supra* Section III.A; Appendix A.

[283] *See supra* Section III.A.

[284] *See supra* Section III.A.5.

[285] *See, e.g.*, Invoice, H&H Advisors, LLC to DataConnex (Oct. 1, 2016). HH_01658. *See also supra* Section III.A.5.

the RHC Program—violations of which DataConnex was aware when it submitted invoices for payment under such contracts.[286]

88. As a result of this relationship, DataConnex had the inside track in the competitive bidding process as HCU controlled the distribution of information to potential bidders and participated in the establishment of the bid evaluation criteria and the contract selection process while having a financial interest in DataConnex being awarded the contract. The investigation showed that HCU apparently agreed that DataConnex would be awarded Telecom Program contracts prior to the filing of the Form 465 and before 28-day competitive bidding period started as required by section 54.603 of the Commission's Rules.[287] Healthcare provider AEH's agreement with HCU provided it could cancel its agreement with HCU if healthcare provider AEH did not award a contract to DataConnex giving HCU a financial interest in the healthcare provider's selection of DataConnex in violation of sections 54.603 and 54.615 of the Commission's Rules.[288] Additionally, in violation of sections 54.603 and 54.615 of the Commission's Rules, HCU apparently prepared at least one bid matrix that assessed competing bids without the participation or even knowledge of the healthcare provider, which first learned of the bid matrix during the course of an interview conducted by the Enforcement Bureau.[289]

89. The Investigation has uncovered that the following healthcare providers (HCPs), represented by HCU, awarded DataConnex Telecom Program contracts from FY2014 through FY2016:

- Keefe Memorial Hospital (HCP No. 10328);
- Morris County Hospital (HCP No. 10436);
- Aaron E. Henry Community Health Services Center – Tunica (HCP No. 10789);
- Access Family Health Services (HCP No. 11422);
- Aaron E. Henry Community Health Services Center – Clarksdale (HCP No. 11510);
- Aaron E. Henry Community Health Services Center – Batesville (HCP No. 11511);
- Scott County Dental Clinic (HCP No. 11959);
- Iberia Comprehensive Community Health Center (HCP No. 13166);
- Abbeville Community Health Center (HCP No. 14689);
- Ocoee Regional Health Corporation (HCP No. 16027);

[286] *See e.g.*, *Mastermind Order*, 16 FCC Rcd 4028; *see also Requests for Review of Decisions of the Universal Service Administrator by Hospital Networks Management, Inc., Manchaca, TX*, 31 FCC Rcd 5731, 5742 para. 20 (Wireline Comp. Bur. 2016) ("The principles underlying the *Mastermind Order* and other orders addressing fair and open competitive bidding not only apply to the E-rate program . . ., but also to participants in the rural health care program. Indeed, the mechanics of the bidding processes in the rural health care and E-rate programs are effectively the same.") (internal citation omitted); *Request for Review, Franciscan Skemp Waukon Clinic, Waukon, IA*, 29 FCC Rcd 11714, 11717 at para. 9 (Wireline Comp. Bur. 2014) (finding that signing a Telecom Program contract before the expiration of the 28-day waiting period impairs the applicant's ability to hold a fair and open competitive bidding process.). The Commission's Rules governing competitive bidding in the RHC Program also incorporate by reference all applicable state and local laws. *See* 47 CFR § 54.603(a) ("To select the telecommunications carriers that will provide services eligible for universal service support to it under the Telecommunications Program, each eligible health care provider shall participate in a competitive bidding process pursuant to the requirements established in this section and any additional and applicable state, Tribal, local, or other procurement requirements.") (emphasis added).

[287] See *supra Section* III.A.4.

[288] See *supra* Section III.A.4.

[289] *See id.*

- Aaron E. Henry Community Health Services Center – Mobile (HCP No. 16112);
- Aaron E. Henry Community Health Services Center – Quitman School (HCP No. 16113);
- Aaron E. Henry Community Health Services Center – Tunica School (HCP No. 16114);
- Ocoee Regional Health Corporation – Bledsoe (HCP No. 16115);
- Ocoee Regional Health Corporation – Grundy (HCP No. 16116);
- Ocoee Regional Health Corporation – Meigs (HCP No. 16117);
- Ocoee Regional Health Corporation – Rhea (HCP No. 16118);
- Region One Mental Health Center – Cheryl Street (HCP No. 16780);
- Merryville Community Health Center (HCP No. 18219);
- Cedar County Family Clinic (HCP No. 25077);
- Cedar County Memorial Hospital (HCP No. 25078);
- Cedar County Memorial Hospital Medical Mall Clinic (HCP No. 25421);
- Houlka Medical Clinic (HCP No. 26977);
- Community Counseling Services (HCP No. 30911);
- Community Counseling Services (HCP No. 30913);
- Community Counseling Services (HCP No. 30915);
- Community Counseling Services (HCP No. 30916);
- Community Counseling Services (HCP No. 30917):
- Region One Mental Health Center – Tunica (HCP No. 36880);
- Region One Mental Health Center – Charleston (HCP No. 36918);
- Region One Mental Health Center – Locust Street (HCP No. 36925);
- Region One Mental Health Center – Rosa Fort (HCP No. 36937);
- Region One Mental Health Center – Humphrey Street (HCP No. 36973);
- Region One Mental Health Center – Clarksdale (HCP No. 36976);
- Aaron E. Henry Community Health Services Center – MJ Edwards (HCP No. 38302);
- Sabine Comprehensive Health Clinic (HCP No. 39855);
- SEMO Health Network - East Prairie Dental Center (HCP No. 44060);
- Gulf Coast Mental Health Center - Stone County Satellite Office (HCP No. 44192);
- SWLA Center for Health Services – Crowley (HCP No. 46808);
- SWLA Center for Health Services – Oberlin (HCP No. 46809);
- Marshall Medical Centers – Morgan (HCP No. 48295);
- Marshall Medical Centers – South Dekalb (HCP No. 48297);
- Marshall Medical Centers – Guntersville (HCP No. 48299);
- Marshall Medical Centers – Grant (HCP No. 48302); and

- Langley Health Services (HCP No. 48646).[290]

90. For the one year prior to the release of this NAL, DataConnex submitted seven invoices to USAC that contained 195 payment requests in connection with the contracts these HCU-represented healthcare providers awarded DataConnex, and through which DataConnex received $740,830 in support payments from the Fund.[291] Such payment requests included certain representations about the services provided and also falsely implied compliance with the Commission's RHC Program rules, including sections 54.603 and 54.615, which concern the competitive bidding process.

91. The payment of funds—in this instance, more than $200,000 in a two-year period—by a service provider to a company under common ownership with a consultant that purports to solely represent the interests of healthcare providers in the RHC Program placed DataConnex in the position to influence the healthcare provider's award of bids. The Commission, through its Administrator – USAC, would not have authorized payment of these funds but for the contracts awarded to DataConnex pursuant to a competitive bidding process that was neither fair nor open.

92. As a result of the conduct described above which impaired the ability of the HCPs to conduct the required competitive bidding process and for which DataConnex received USF support payments, DataConnex is in apparent violation of Section 254(h)(1)(A) of the Act and Sections 54.603 and 54.615 of the Commission's Rules governing the competitive bidding process and the selection of service providers in the RHC Program—violations of which DataConnex was aware when it submitted invoices for payment under such contracts.[292] For the same reasons, DataConnex apparently acted unjustly and unreasonably in violation of Section 201(b) of the Act by requesting payment for services provided under a contract that was tainted by practices that violated the Commission's competitive bidding rules.[293]

B. DataConnex Apparently Falsely Implied Compliance with the Rural Health Care Program Rules, and Acted Unreasonably and Unjustly, When Requesting Payment for Services Rendered Based on Apparently False, Forged, Misleading, and Unsubstantiated Urban Rate Documents

93. Section 254(h)(1)(A) of the Act requires telecommunications providers to "provide telecommunications services which are necessary for the provision of health care services . . . at rates that

[290] Information on file with EB-IHD-15-00020296.

[291] *Id. See also* Appendix D.

[292] *See e.g., Mastermind Order*, 16 FCC Rcd 4028; *see also Requests for Review of Decisions of the Universal Service Administrator by Hospital Networks Management, Inc., Manchaca, TX*, 31 FCC Rcd 5731, 5742 para. 20 (Wireline Comp. Bur. 2016) ("The principles underlying the *Mastermind Order* and other orders addressing fair and open competitive bidding not only apply to the E-rate program . . ., but also to participants in the rural health care program. Indeed, the mechanics of the bidding processes in the rural health care and E-rate programs are effectively the same.") (internal citation omitted); *Request for Review, Franciscan Skemp Waukon Clinic, Waukon, IA*, 29 FCC Rcd 11714, 11717 at para. 9 (Wireline Comp. Bur. 2014) (finding that signing a Telecom Program contract before the expiration of the 28-day waiting period impairs the applicant's ability to hold a fair and open competitive bidding process.). The Commission's Rules governing competitive bidding in the RHC Program also incorporate by reference all applicable state and local laws. *See* 47 CFR § 54.603(a) ("To select the telecommunications carriers that will provide services eligible for universal service support to it under the Telecommunications Program, each eligible health care provider shall participate in a competitive bidding process pursuant to the requirements established in this section *and any additional and applicable state, Tribal, local, or other procurement requirements*.") (emphasis added). Although we do not reach the issue of whether DataConnex violated applicable state or other local laws through its apparent relationship with HCU and H&H, we note that such violations are possible in this and other cases.

[293] 47 U.S.C. § 201(b).

are reasonably comparable to rates charged for similar services in urban areas."[294] As outlined above, the Enforcement Bureau uncovered evidence that DataConnex issued and willfully caused healthcare providers to submit to USAC apparently false, misleading, and unsubstantiated urban rate documents to increase the amount of money DataConnex obtained from the Fund in respects clearly in violation of sections 54.605 and 54.609 of the Commission's rules.[295] It apparently did so in at least three different ways: (1) DataConnex proffered urban rate letters for Mississippi and Missouri to healthcare providers and/or their consultants, and which were submitted to USAC, that relied on two forged and false AT&T sales quotes; (2) DataConnex proffered urban rate letters to healthcare providers, their consultants, and USAC that misrepresented the true cost of urban telecommunications service, and misleadingly relied on only one component of service, not the total cost of service as required by our Rules, in order to deflate its urban rates; and (3) DataConnex proffered urban rate documents without possessing the supporting or underlying documentation or a reasonable basis for relying on this purported urban rate.[296] Each of these categories of conduct gives rise to apparent violations of the Commission's Rules governing urban rates in the Telecom Program.

94. Section 54.605 of the Commission's rules mandates how service providers are to calculate urban rates. If the rural site is located within the standard urban distance,[297] "the urban rate for that service shall be a rate no higher than the highest tariffed or publicly available rate charged to a commercial customer for a functionally similar service in any city with a population of 50,000 or more in that state, calculated as if it were provided between two points within the city."[298] If the rural site is located beyond the standard urban distance, then "the urban rate for that service shall be a rate no higher than the highest tariffed or publicly-available rate charged to a commercial customer for a functionally similar service provided over the standard urban distance in any city with a population of 50,000 or more in that state."[299] Section 54.609 of the Commission's rules provides that amount of support that is provided through the Telecom Program for an eligible service is based on the difference, if any between the urban rate and the rural rate charged for the service as defined by the Commission's rules.[300] As used in the Commission's Rules governing the Telecom Program, the "rate" refers to the entire cost of a service, end-to-end to the customer and does not refer to the cost of each element or sub-element of a telecommunications service.[301]

95. First, DataConnex issued urban rate letters for healthcare providers located in Mississippi and Missouri that relied on sales quotes that were purportedly issued by AT&T.[302] However, AT&T has no record that it issued the Jackson Zoo or Hardee's Restaurant sales quotes that DataConnex claims supported its urban rate letters, nor does AT&T appear to offer services to commercial customers in those areas for $[redacted] as stated on DataConnex's urban rate letters. The AT&T sales quotes on which DataConnex relied therefore appear to be false and forged. By issuing urban rate letters based on apparently false and forged documents, which were then submitted to USAC with Form 466s requesting

[294] 47 U.S.C. § 254(h)(1)(A).

[295] 47 CFR §§ 54.605, 54.609.

[296] *See supra* Section III.B.

[297] "The 'standard urban distance' for a state is the average of the longest diameters of all cities with a population of 50,000 or more within the state." 47 CFR § 54.605(c).

[298] 47 CFR § 54.605(a).

[299] 47 CFR § 54.605(b).

[300] *See* 47 CFR §§ 54.605, 54.607, 54.609.

[301] *See Federal-State Joint Board on Universal Service*, Report and Order, 12 FCC Rcd. 8776, 9128-9129, at paras. 674, 675 (1997); *see also* 47 CFR §§ 54.605, 54.607 and 54.609.

[302] DCX_00017767; DCX_00017768.

USF support, and which formed the basis for the payment requests DataConnex submitted to USAC, DataConnex apparently violated sections 54.605 and 54.609 of the Commission's Rules and sections 201(b) and 254(h)(1)(A) of the Communications Act.[303]

96. Second, DataConnex apparently misrepresented the urban rates for certain services by disregarding the more expensive component of the carrier-issued service quote in its urban rate letters.[304] In doing so, DataConnex misrepresented the actual cost of urban area services, and thereby drastically reduced its urban rate. For the ACC Business sales quotes, DataConnex used only the $[redacted] "port" charge and ignored any costs associated with the more expensive "cir" charge. In the Jackson Zoo sales quote, DataConnex ignored the $[redacted] "access charge" and used only the "port" charge of $[redacted] in its urban rate letters. Finally, in the Airespring sales quotes, which contained one line item for $[redacted] per month for port costs and an additional charge of $[redacted] per month for loop costs, DataConnex apparently ignored the $[redacted] per month component and only relied on the $[redacted] per month component to misrepresent its urban rate. These baseless and/or partial charges, chosen with precision to support dubious urban rate quotes, and represent a concerted effort, in apparent violation of sections 54.605 and 54.609 of the Commission's Rules, to artificially deflate the urban rate to increase the margins between the urban rate and the rural rate, and therefore increase the amount of money DataConnex received from the USF. As a result of this conduct, DataConnex also violated sections 201(b) and 254(h)(1)(A) of the Communications Act.

97. Third, DataConnex issued urban rate letters without the legally required documentation to substantiate the claimed rates.[305] DataConnex engaged in this apparent conduct in several ways. DataConnex apparently supported many of its urban rates for various service types and bandwidths throughout the Southeast region of the United States based upon an ACC sales quote for ASE-Switched Ethernet Service in Tennessee at bandwidths of 10 Mbps, 50 Mbps, and 100 Mbps and emails in which an AT&T employee speculated that these rates could apply to other states if a series of conditions were met and additional approvals obtained. It does not appear that the relevant conditions were met for the described ACC services, nor did DataConnex provide any documentation showing that the conditions were met. Nor does it appear that DataConnex obtained sales quotes from ACC for any other state, for any other service type, or for any other bandwidth. By issuing urban rate letters based on unsubstantiated urban rates, which were then submitted to USAC with Form 466s requesting USF support, and which formed the basis of the payment requests submitted by DataConnex to USAC, DataConnex apparently violated sections 54.605 and 54.609 of the Commission's Rules and sections 201(b) and 254(h)(1)(A) of the Communications Act.

98. Similarly, DataConnex issued the urban rate letters in reliance on the Jackson Zoo and Hardee's Restaurant documents prior to their creation and without a reasonable basis for relying on these purported urban rates. DataConnex only apparently obtained supporting documentation for these urban rate letters once it was requested in a July 2016 USAC audit. In an attempt to substantiate its previously issued urban rates, in August 2016, Blahnik contacted Miles at HCU/H&H and stated that DataConnex was "needing to get copies of the documents that we are using for our urban rates."[306] McMasters reiterated that DataConnex needed the documents "ASAP" because "[t]his is part of the audit therefore we are on a very tight deadline."[307] In return, Miles sent McMasters the two apparently false and forged

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[303] Even if a third party unrelated to DataConnex forged the Jackson Zoo and Hardee's Restaurant sales quotes, DataConnex's issuance of urban rate letters based on these sales quotes still runs afoul of the Commission's Rules. A service provider is under no obligation to issue urban rate letters to its customers but when it does so, it must have a justifiable basis for representing that the rates are available to commercial customers in the urban area.

[304] *See* Appendix G.

[305] *See* Appendix E. *See also* 47 CFR § 54.619.

[306] Emails between McMasters, Blahnik, Harrison, Breazeale, RE: Urban Rates (Aug. 10, 2016). *See also supra* Section III.B.3 at para. 75.

[307] *Id.*

urban rate documents purportedly issued by AT&T,[308] which DataConnex then submitted to USAC as part of its response to the audit.[309] Prior to August 2016, when Miles supplied DataConnex with documents to substantiate its urban rates, DataConnex made representations to USAC, without a justifiable basis for doing so, about its urban rate quotes in connection with receiving USF support payments which is in violation of sections 54.605 and 54.609 of the Commission's Rules and sections 201(b) and 254(h)(1)(A) of the Communications Act.

99. In total, the Enforcement Bureau has identified 419 payment requests that DataConnex submitted that arise from one or more of the three categories of apparent urban rate violations DataConnex committed.[310] Such payment requests included certain representations about the services provided and also falsely implied compliance with the Commission's RHC Program rules, including the rules applicable to the offering of reasonably comparable urban rates. Therefore, as described above, DataConnex apparently violated Sections 54.605 and 54.609 of the Commission's Rules. Separately and independently, DataConnex apparently violated Section 201(b) of the Communications Act by unjustly and unreasonably seeking payment for services rendered based on such urban rate documents.[311] DataConnex also violated Section 254(h)(1)(A) of the Act, which requires it to seek USF payment for only the difference between the cost of services provided to HCPs in a given state and reasonably comparable rates for similar services in urban areas of the same state.[312]

V. PROPOSED FORFEITURE

100. For the violations at issue here, Section 503(b)(2)(B) of the Act authorizes the Commission to assess a forfeiture penalty against a telecommunications carrier of up to $196,387 for each violation or each day of a continuing violation, up to a statutory maximum of $1,963,870 for a single act or failure to act.[313] The Commission retains the discretion to issue forfeitures on a case-by-case basis, under its general forfeiture authority contained in Section 503 of the Act. In determining the appropriate forfeiture amount, we consider the factors enumerated in Section 503(b)(2)(E) of the Act, including "the nature, circumstances, extent, and gravity of the violation and, with respect to the violator, the degree of

[308] *Id.*

[309] *See* Letter from William Blahnik, DataConnex to Albert Lucas, BCA Watson Rice, LLP, (Aug. 22, 2016). *See also* Letter from Deepika Ravi, Harris, Wiltshire & Grannis, LLP to David M. Sobotkin, FCC and Mary Beth DeLuca, FCC (Jan. 27, 2017).

[310] *See supra* Section III.B; Appendix B, Appendix C. To the extent any payment request falls into more than one of these categories, the payment requests have been de-duplicated to avoid proposing any forfeiture more than once for any given payment request.

[311] 47 U.S.C. § 201(b).

[312] 47 U.S.C. § 254(h)(1)(A).

[313] *See* 47 U.S.C. § 503(b)(2)(B); 47 CFR § 1.80(b)(2). These amounts reflect inflation adjustments to the forfeitures specified in Section 503(b)(2)(B) ($100,000 per violation or per day of a continuing violation and $1,000,000 per any single act or failure to act). The Federal Civil Penalties Inflation Adjustment Act of 1990, Pub. L. No. 101-410, 104 Stat. 890, as amended by the Debt Collection Improvement Act of 1996, Pub. L. No. 104-134, Sec. 31001, 110 Stat. 1321 (DCIA), requires the Commission to adjust its forfeiture penalties periodically for inflation. *See* 28 U.S.C. § 2461 note (4). The Commission most recently adjusted its penalties to account for inflation in 2016. *See Amendment of Section 1.80(b) of the Commission's Rules, Adjustment of Civil Monetary Penalties to Reflect Inflation*, DA18-12 (Enf. Bur. 2018) (ordering inflation adjustments effective January 5, 2018). DataConnex filed an FCC Form 499 with the Commission in which it described its principal communications function as Competitive Access Provider/Competitive Local Exchange Carrier and conducted its business as a Competitive Access Provider/Competitive Local Exchange Carrier and as a reseller of telecommunications services. *See* FCC Form 499, DataConnex, LLC (filer ID 830632).

culpability, any history of prior offenses, ability to pay, and such other matters as justice may require,"[314] as well as our forfeiture guidelines.[315]

101. Deterring the conduct outlined here and the importance of preserving the Fund for the critical mission of the RHC Program are of paramount importance to the Commission. The Commission must propose significant forfeitures when—as apparently set forth here—a service provider apparently works in concert with a consultant that is supposed to be representing the best interests of healthcare providers but instead steers contracts to a service provider and provides misleading and unsubstantiated urban rate documents to USAC to increase the amount of USF payments it receives. This apparent conduct undermines the fundamental operation of the RHC Program and therefore warrants a significant proposed forfeiture.

102. Based on the facts and record before us, we have determined that DataConnex's apparent violations involve: (i) falsely implying compliance with the Commission's competitive bidding process and urban rate rules when submitting claims for payment;[316] (ii) engaging in an unjust and unreasonable practice in violation of Section 201(b) of the Act by knowingly submitting invoices for payment based on contracts tainted by violations of the Commission's competitive bidding rules;[317] (iii) falsely implying compliance with the Commission's rules concerning the calculation of urban rates; and (iv) engaging in an unjust and unreasonable practice in violation of Section 201(b) by seeking payment for services rendered based on urban rate documents that are false, forged, misleading, and unsubstantiated.[318] We find these apparent violations occurred, at a minimum, beginning in 2014 and continued through the present as a result of DataConnex's submission of misleading payment requests to USAC in connection with contracts it received as a result of its multiyear financial relationship with H&H and HCU, and DataConnex's submission of payment requests to USAC in connection with those FRNs supported by false, forged, misleading, and unsubstantiated urban rate documents it submitted. As explained above, each invoice submission for each claim for payment was tainted by illegal conduct and falsely implied compliance with the requisite Commission rules because DataConnex knowingly failed to disclose its noncompliance with essential program requirements which, if disclosed to the agency, would have resulted in the nonpayment of those claims.[319] Thus, the payment of these claims was directly caused by DataConnex's submission of these false and misleading invoices.

103. As set forth below, the Commission proposes a forfeiture penalty as follows: (1) a base

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[314] 47 U.S.C. § 503(b)(2)(E).

[315] *See* 47 CFR § 1.80(b)(8); Note to Paragraph (b)(8): Guidelines for Assessing Forfeitures.

[316] 47 CFR §§ 54.603, 54.609. *See also* 47 U.S.C. § 254(h)(1)(A). These important and material requirements are essential to the Commission's payment of support under the RHC Program. *See, e.g.*, *Universal Health Services, Inc. v. U.S.*, 136 S.Ct. 1989, 2001 (2016). In its decision, the Court discussed the established principle that "'[a] representation stating the truth so far as it goes but which the maker knows or believes to be materially misleading because of his failure to state additional or qualifying matter' is actionable." *Id*. at 1999 (quoting Restatement (Second) of Torts section 529, p. 62 (1976))."

[317] 47 U.S.C. § 201(b).

[318] 47 CFR §§ 54.609, 54.615. *See also* 47 U.S.C. § 254(h)(1)(A). Even though counts (i) and (ii) are conceptually separate and independent violations, we are treating them as one category of violations for purposes of a proposed forfeiture because they arose out of the same conduct. For the same reason, we treat counts (iii) and (iv) as one category of violations for purposes of calculating a proposed forfeiture.

[319] *See United States ex rel. Marcus v. Hess*, 317 U.S. 537, 542-43 (1943) (finding unlawful conduct perpetuated with only one goal in mind, payment at excessive rates for services provided through collusive bidding). In *Hess*, the court explained, "The government's money would never have been placed in the joint fund for payment to respondents had its agents known the bids were collusive . . . . This fraud did not spend itself with the execution of the contract. Its taint entered into every swollen estimate which was the basic cause for payment of every dollar paid . . . ." *Id*. at 543.

forfeiture of $20,000 per payment request related to the apparently wrongful conduct contained in each invoice that DataConnex filed between February 8, 2017 and July 5, 2017, for each category of alleged violations; and (2) an upward adjustment of the base forfeiture equal to three times the amount DataConnex improperly requested and/or received from the Fund in connection with these payment requests.

104. In connection with DataConnex's apparent violations, DataConnex submitted eight invoices to USAC which contained 614 separate payment requests, all of which requests are within the one-year statute of limitations period, that arose from contracts it received as a result of conduct that apparently violated the Commission's competitive bidding rules or that arose from urban rates that DataConnex issued that were apparently false, forged, misleading, or unsubstantiated.[320] As further described below, we propose a forfeiture penalty of $18,715,405 for these apparent violations.

A. Proposed Forfeiture Amount for DataConnex's Apparent Violations of the Commission's Competitive Bidding Rules and Sections 254(h)(1)(A) and 201(b) of the Communications Act

105. The Commission's Rules require service providers to participate in, and obtain contracts from healthcare providers as a result of, a competitive bidding process. When service providers such as DataConnex enter into an undisclosed financial relationship with a healthcare provider's consultant, such service providers receive reimbursements from the Fund to which they are not entitled under the RHP Program's rules—even where there are no other bidders for a given Form 465 request for bids. Without the requisite level playing field and transparency mandated by the Commission's Rules requiring a competitive bidding process, the RHC Program would be, as it apparently was here, susceptible to fraud, and inside dealing. Such an outcome would present a severe threat to the continued functioning of the RHC Program and would prevent it from serving its fundamental purpose of allowing rural healthcare facilities to enjoy the same advances in telecommunications technology so critical to 21st century medicine as their urban counterparts.

106. In total, the Investigation uncovered evidence that demonstrates that DataConnex apparently violated the Communications Act and the Commission's Rules and Orders requiring a competitive bidding process in the Telecom Program, and DataConnex submitted 195 payment requests resulting from such conduct.[321] Consistent with our treatment of similar alleged rule violations, we apply a base forfeiture of $20,000 per payment request related to this apparent wrongful conduct contained on each invoice that DataConnex filed within one year prior to the release of this NAL,[322] for a total base forfeiture of $3,900,000.

107. The loss to the Fund within the last year prior to the release of this NAL as a result of contracts DataConnex received in apparent violation of the Communications Act and the Commission's Rules governing competitive bidding in the Telecom Program for those healthcare providers represented by HCU is $740,830.[323] Therefore, due to the substantial harm to the Fund as well as the substantial economic gain to DataConnex, we propose an upward adjustment of the base forfeiture equal to three times the amount DataConnex improperly received from the Fund within the last year prior to the release

[320] *See infra* Appendix D. Where a single payment request involved apparent competitive bidding and urban rate violations, such a payment request is only counted once.

[321] See *infra* Appendix D. *See* 47 U.S.C. §§ 201(b) and 254(h)(1)(A). *See also* 47 C.F.R. §§ 54.603 and 54.615.

[322] This upward adjustment is consistent with the Commission's prior treatment of similar alleged rule violations involving intentional and repeated conduct as is the case here. *See Network Services Solutions*, Amendment to Notice of Apparent Liability and Order, 32 FCC Rcd. 5169, 5171-3 (June 7, 2017) (*NSS Amendment*).

[323] *See* Appendix D.

of this NAL,[324] or $2,222,490, for a total proposed forfeiture amount of $6,122,490 for DataConnex's apparent violations.

B. Proposed Forfeiture Amount for DataConnex's Apparent Violations of the Commission's Rules Governing Urban Rates and Sections 254(h)(1)(A) and 201(b) of the Communications Act

108. The reliance on apparently false and forged urban rates and the issuance of various apparently false, misleading, and unsubstantiated urban rate letters used to calculate USF support are egregious acts of misconduct, and the Commission proposes a commensurate forfeiture. The Commission, in the RHC Program and elsewhere, relies on program participants to act with integrity in submitting documents used to determine support from the Fund.

109. Therefore, the Commission proposes (1) a base forfeiture of $20,000 for each payment request related to this wrongful conduct contained in each invoice that DataConnex filed within one year prior to the release of this NAL for which DataConnex provided apparently misleading and/or unsubstantiated urban rate documents, or urban rate documents that relied on apparently forged or false rates as the basis of DataConnex's claims from the Fund; (2) an upward adjustment of the base forfeiture equal to three times the amount DataConnex improperly received from the Fund as a result of its misconduct within the last year prior to the release of this NAL.[325]

110. The record before the Commission shows DataConnex submitted 419 payment requests that rely upon apparently false, forged, misleading, and unsubstantiated information from DataConnex. We apply a base forfeiture of $20,000 per payment request, for a total base forfeiture of $8,380,000.[326] DataConnex received $1,404,305 from the Fund within the last year prior to the release of this NAL as a result of this conduct,[327] and we accordingly propose an upward adjustment to $4,212,915, for a total proposed forfeiture amount of $12,592,915 for DataConnex's apparent violations of the Communications Act and the Commission's Rules governing urban rates.[328]

VI. CONCLUSION

111. In sum, considering DataConnex's apparent violations, we propose a total forfeiture penalty of $18,715,405.

112. In addition, considering DataConnex's apparent egregious misconduct and demonstrated harm to the Fund from the apparent violations, we order DataConnex to submit a report within 30 days of release of this NAL explaining why the Commission should not initiate proceedings against DataConnex to revoke its Commission authorizations.

113. While DataConnex still has an opportunity to respond to the apparent violations identified in this NAL, we recognize that the proposed forfeiture discussed herein may cause uncertainty for those healthcare providers that have selected DataConnex as their service provider. Accordingly, we will consider using our discretion to waive Section 54.603(b) of the Commission's Rules to provide these

[324] *See NSS Amendment*, 32 FCC Rcd. at 5171-73.

[325] Both the base forfeiture amount and the proposed upward adjustment are consistent with the Commission's prior treatment of alleged violations, involving the Commission's rules governing urban rates where the conduct is intentional and repeated. *See id*.

[326] *See supra* Section III.B; Appendix B, Appendix C, Appendix D.

[327] *See* Appendix D.

[328] *See* 47 U.S.C. §§ 201(b) and 254(h)(1)(A). *See also* 47 C.F.R. §§ 54.605 and 54.609.

healthcare providers with the option of selecting a new service provider if needed to help alleviate any disruption in service.[329]

VII. ORDERING CLAUSES

114. Accordingly, **IT IS ORDERED** that, pursuant to Sections 503(b) of the Act, and 1.80 of the Rules,[330] DataConnex, LLC is hereby **NOTIFIED** of this **APPARENT LIABILITY FOR A TOTAL FORFEITURE AND ORDER** in the amount of $18,715,405 for apparently willfully and repeatedly violating Sections 254(h)(1)(A) and 201(b) of the Act and Sections 54.603, 54.605, 54.609, and 54.615 of the Commission's Rules.[331]

115. **IT IS FURTHER ORDERED** that, pursuant to Section 1.80 of the Rules,[332] within thirty (30) calendar days of the release date of this Notice of Apparent Liability for Forfeiture and Order, DataConnex **SHALL PAY** the full amount of the proposed forfeiture or **SHALL FILE** a written statement seeking reduction or cancellation of the proposed forfeiture consistent with paragraph 117 below.

116. Payment of the forfeiture must be made by check or similar instrument, wire transfer, or credit card, and must include the NAL/Account number and FRN referenced above. DataConnex shall also send electronic notification of payment to Rakesh Patel at Rakesh.Patel@fcc.gov, to Mary Beth DeLuca at MaryBeth.DeLuca@fcc.gov, and to David M. Sobotkin at David.Sobotkin@fcc.gov on the date said payment is made. Regardless of the form of payment, a completed FCC Form 159 (Remittance Advice) must be submitted.[333] When completing the FCC Form 159, enter the Account Number in block number 23A (call sign/other ID) and enter the letters "FORF" in block number 24A (payment type code). Below are additional instructions you should follow based on the form of payment you select:

- Payment by check or money order must be made payable to the order of the Federal Communications Commission. Such payments (along with the completed Form 159) must be mailed to Federal Communications Commission, P.O. Box 979088, St. Louis, MO 63197-9000, or sent via overnight mail to U.S. Bank – Government Lockbox #979088, SL-MO-C2-GL, 1005 Convention Plaza, St. Louis, MO 63101.
- Payment by wire transfer must be made to ABA Number 021030004, receiving bank TREAS/NYC, and Account Number 27000001. To complete the wire transfer and ensure appropriate crediting of the wired funds, a completed Form 159 must be faxed to U.S. Bank at (314) 418-4232 on the same business day the wire transfer is initiated.
- Payment by credit card must be made by providing the required credit card information on FCC Form 159 and signing and dating the Form 159 to authorize the credit card payment. The completed Form 159 must then be mailed to Federal Communications Commission, P.O. Box 979088, St. Louis, MO 63197-9000, or sent via overnight mail to U.S. Bank – Government Lockbox #979088, SL-MO-C2-GL, 1005 Convention Plaza, St. Louis, MO 63101.

Any request for making full payment over time under an installment plan should be sent to: Chief Financial Officer—Financial Operations, Federal Communications Commission, 445 12th Street, S.W.,

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[329] *Northeast Cellular Telephone Co. v. FCC*, 897 F.2d 1164, 1166 (D.C. Cir. 1990); *see also Rural Health Care Support Mechanism*, DA 17-1006 (Wireline Comp. Bur. Oct. 12, 2017), 2017 WL 4571148; *Rural Health Care Universal Support Mechanism*, 32 FCC Rcd. 1328 (Wireline Comp. Bur. 2017).

[330] 47 U.S.C. § 503(b); 47 CFR § 1.80.

[331] 47 U.S.C. §§ 201(b), 254(h)(1)(A); 47 CFR §§ 54.603, 54.605, 54.609, 54.615.

[332] 47 CFR § 1.80.

[333] An FCC Form 159 and detailed instructions for completing the form may be obtained at http://www.fcc.gov/Forms/Form159/159.pdf.

Room 1-A625, Washington, D.C. 20554.[334] If you have questions regarding payment procedures, please contact the Financial Operations Group Help Desk by phone, 1-877-480-3201, or by e-mail, ARINQUIRIES@fcc.gov.

117. The written statement seeking reduction or cancellation of the proposed forfeiture, if any, must include a detailed factual statement supported by appropriate documentation and affidavits pursuant to Sections 1.16 and 1.80(f)(3) of the Rules.[335] The written statement must be mailed to the Office of the Secretary, Federal Communications Commission, 445 12th Street, SW, Washington, DC 20554, ATTN: Enforcement Bureau, Federal Communications Commission and must include the NAL/Acct. No. referenced in the caption. The written statement shall also be emailed to Rakesh.Patel@fcc.gov, MaryBeth.DeLuca@fcc.gov, and David.Sobotkin@fcc.gov.

118. The Commission will not consider reducing or canceling a forfeiture in response to a claim of inability to pay unless the petitioner submits: (1) federal tax returns for the most recent three-year period; (2) financial statements prepared according to generally accepted accounting principles (GAAP); or (3) some other reliable and objective documentation that accurately reflects the petitioner's current financial status. Any claim of inability to pay must specifically identify the basis for the claim by reference to the financial documentation submitted.

119. **IT IS FURTHER ORDERED** that DataConnex shall respond to the order in paragraph 112 within thirty (30) calendar days of the release date of this Notice of Apparent Liability for Forfeiture and Order.

120. **IT IS FURTHER ORDERED** that a copy of this Notice of Apparent Liability for Forfeiture and Order shall be sent by certified mail, return receipt requested, and first-class mail to William Blahnik, Chief Executive Officer,[336] DataConnex, LLC, PO Box 1209, Brandon, FL 33509.

FEDERAL COMMUNICATIONS COMMISSION

Marlene H. Dortch
Secretary

[334] *See* 47 CFR § 1.1914.

[335] 47 CFR §§ 1.16, 1.80(f)(3).

[336] William Blahnik has also been identified to the Commission as the CEO of DataConnex. *See* FCC Form 499 Filer Database, Detailed Information (Apr. 3, 2017), http://apps.fcc.gov/cgb/form499/499detail.cfm?FilerNum=830632 (last visited Oct. 27, 2017).

APPENDIX A

PAYMENTS MADE BY DATACONNEX TO H&H ADVISORS

Date	Outbound Account	Inbound Account	Amount
December 23, 2014	DataConnex, [redacted] Bank, account ending *[redacted]	H&H Advisors, [redacted] Bank, account ending *[redacted]	$30,000
February 11, 2015	DataConnex, [redacted] Bank, account ending *[redacted]	H&H Advisors, [redacted] Bank, account ending *[redacted]	$5,000
March 18, 2015	DataConnex, [redacted] Bank, account ending *[redacted]	H&H Advisors, [redacted] Bank, account ending *[redacted]	$5,000
May 7, 2015	DataConnex, [redacted] Bank, account ending *[redacted]	H&H Advisors, [redacted] Bank, account ending *[redacted]	$490.32
May 7, 2015	DataConnex, [redacted] Bank, account ending *[redacted]	H&H Advisors, [redacted] Bank, account ending *[redacted]	$5,000
May 7, 2015	DataConnex, [redacted] Bank, account ending *[redacted]	H&H Advisors, [redacted] Bank, account ending *[redacted]	$5,400
June 17, 2015	DataConnex, [redacted] Bank, account ending *[redacted]	H&H Advisors, [redacted] Bank, account ending *[redacted]	$5,400
July 27, 2015	DataConnex, [redacted] Bank, account ending *[redacted]	H&H Advisors, [redacted] Bank, account ending *[redacted]	$14,198.04
August 10, 2015	DataConnex, [redacted] Bank, account ending *[redacted]	H&H Advisors, [redacted] Bank, account ending *[redacted]	$9,850
September 30, 2015	DataConnex, [redacted] Bank, account ending *[redacted]	H&H Advisors, [redacted] Bank, account ending *[redacted]	$5,850
October 20, 2015	DataConnex, [redacted] Bank, account ending *[redacted]	H&H Advisors, [redacted] Bank, account ending *[redacted]	$10,100
November 10, 2015	DataConnex, [redacted] Bank, account ending *[redacted]	H&H Advisors, [redacted] Bank, account ending *[redacted]	$8,100
December 10, 2015	DataConnex, [redacted] Bank, account ending *[redacted]	H&H Advisors, [redacted] Bank, account ending *[redacted]	$8,100

January 19, 2016	DataConnex, [redacted] Bank, account ending *[redacted]	H&H Advisors, [redacted] Bank, account ending *[redacted]	$3,100
January 19, 2016	DataConnex, [redacted] Bank, account ending *[redacted]	H&H Advisors, [redacted] Bank, account ending *[redacted]	$20,000
February 23, 2016	DataConnex, [redacted] Bank, account ending *[redacted]	H&H Advisors, [redacted] Bank, account ending *[redacted]	$23,100
March 11, 2016	DataConnex, [redacted] Bank, account ending *[redacted]	H&H Advisors, [redacted] Bank, account ending *[redacted]	$8,422.58
April 8, 2016	DataConnex, [redacted] Bank, account ending *[redacted]	H&H Advisors, [redacted] Bank, account ending *[redacted]	$5,100
June 6, 2016	DataConnex, [redacted] Bank, account ending *[redacted]	H&H Advisors, [redacted] Bank, account ending *[redacted]	$5,100
June 6, 2016	DataConnex, [redacted] Bank, account ending *[redacted]	H&H Advisors, [redacted] Bank, account ending *[redacted]	$5,100
July 11, 2016	DataConnex, [redacted] Bank, account ending *[redacted]	H&H Advisors, [redacted] Bank, account ending *[redacted]	$5,100
August 22, 2016	DataConnex, [redacted] Bank, account ending *[redacted]	H&H Advisors, [redacted] Bank, account ending *[redacted]	$5,100
September 14, 2016	DataConnex, [redacted] Bank, account ending *[redacted]	H&H Advisors, [redacted] Bank, account ending *[redacted]	$5,100
October 17, 2016	DataConnex, [redacted] Bank, account ending *[redacted]	H&H Advisors, [redacted] Bank, account ending *[redacted]	$6,700
November 10, 2016	DataConnex, [redacted] Bank, account ending *[redacted]	H&H Advisors, [redacted] Bank, account ending *[redacted]	$5,900
December 13, 2016	DataConnex, [redacted] Bank, account ending *[redacted]	H&H Advisors, [redacted] Bank, account ending *[redacted]	$5,900

January 20, 2017	DataConnex, [redacted] Bank, account ending *[redacted]	H&H Advisors, [redacted] Bank, account ending *[redacted]	$5,900
			TOTAL: **$222,110.94**

APPENDIX B

FY2016 FRNs SUPPORTED BY APPARENTLY FORGED JACKSON ZOO AND HARDEE'S RESTAURANT SALES QUOTES

HCP Number	HCP Name	FRN
10789	Aaron E. Henry Community Services Center, Inc. - Tunica Clinic	16766461
10800	Yalobusha General Hospital	16855161
10800	Yalobusha General Hospital	16855171
10800	Yalobusha General Hospital	16855201
11422	Access Family Health	16766241
11510	Aaron E. Henry Community Services Center, Inc. - Clarksdale	16766431
11511	Aaron E. Henry Community Services Center, Inc. - Batesville Clinic	16766421
15737	Central Mississippi Civic Improvement Association, Inc. dba Jackson Hinds Copiah Comprehensive Health Complex	16856201
16113	Aaron E. Henry – Quitman	16766441
16114	Aaron E. Henry – Tunica	16766451
25077	Cedar County Family Clinic *	16870141
25078	Cedar County Memorial Hospital*	16870131
25519	Kings Daughter Medical Center	16804441
25519	Kings Daughter Medical Center	16804471
25519	Kings Daughter Medical Center	16813561

HCP Number	HCP Name	FRN
25519	Kings Daughter Medical Center	16846771
25519	Kings Daughter Medical Center	16846811
25820	Jefferson Hospital	16856341
25820	Jefferson Hospital	16912951
25820	Jefferson Hospital	16955341
28265	Community Counseling Services	16767391
28265	Community Counseling Services	16767411
28265	Community Counseling Services	16870201
28265	Community Counseling Services	16870211
28265	Community Counseling Services	16870291
28265	Community Counseling Services	16870301
28265	Community Counseling Services	16870321
28265	Community Counseling Services	16870331
30493	Tippah County	16874931
30911	Community Counseling Services	16870261
30913	Community Counseling Services	16870271
30915	Community Counseling Services	16767531

HCP Number	HCP Name	FRN
31556	Dr. Arenia Mallory	16881361
31556	Dr. Arenia Mallory	16881381
31556	Dr. Arenia Mallory	16881401
31556	Dr. Arenia Mallory	16881441
38144	KDMC Medical Clinic	16804541
38145	KDMC Sports Medicine	16804531
38146	KDMC Children's Clinic	16804521
42473	KDMC Specialty Clinic	16804511
44749	Jackson-Hinds Utica	16855461
44749	Jackson-Hinds Utica	16856081
44749	Jackson-Hinds Utica	16856091
44749	Jackson-Hinds Utica	16856101
44749	Jackson-Hinds Utica	16856121
44749	Jackson-Hinds Utica	16856131
44749	Jackson-Hinds Utica	16856141
44749	Jackson-Hinds Utica	16856161
44749	Jackson-Hinds Utica	16856171

HCP Number	HCP Name	FRN
44749	Jackson-Hinds Utica	16856191
44751	Jackson-Hinds – Edwards	16856301

*FRNs supported by Hardees Sales Quote

APPENDIX C

FY2016 FRNs SUPPORTED BY ACC SALES QUOTES AS URBAN RATE DOCUMENTS

HCP Number	HCP Name	FRN
13166	Iberia Comprehensive	16766521
13166	Iberia Comprehensive	16766531
13166	Iberia Comprehensive	16766541
13166	Iberia Comprehensive	16766551
13166	Iberia Comprehensive	16766571
14689	Abbeville Community Health	16766581
15050	Teche Action Board – Franklin	16816851
15050	Teche Action Board – Franklin	16816841
15050	Teche Action Board – Franklin	16816871
15050	Teche Action Board – Franklin	16816861
15050	Teche Action Board – Franklin	16816931
15050	Teche Action Board – Franklin	16816971
15112	Teche Action Board – Edgard	16817001
16017	Richland Parish Hospital or Delhi Hospital	16817021
16017	Richland Parish Hospital or Delhi Hospital	16854241

HCP Number	HCP Name	FRN
18219	Merryville Community	16766511
22233	CHCA River Valley- Ratfliff	16874941
22233	CHCA River Valley- Ratfliff	16874961
22233	CHCA River Valley- Ratfliff	16874971
22233	CHCA River Valley- Ratfliff	16874991
22233	CHCA River Valley- Ratfliff	16875001
22233	CHCA River Valley- Ratfliff	16875031
22233	CHCA River Valley- Ratfliff	16875051
24999	Tensas Parish	16801891
24999	Tensas Parish	16801921
25024	Minden Health Center	16856941
25024	Minden Health Center	16856971
25024	Minden Health Center	16856991
25024	Minden Health Center	16857011
25024	Minden Health Center	16937611
26328	Little River Medical – Loris	16855531
26328	Little River Medical – Loris	16855541

HCP Number	HCP Name	FRN
26328	Little River Medical – Loris	16855581
26328	Little River Medical – Loris	16855591
26328	Little River Medical – Loris	16855601
27559	Teche Action Clinic- Pierre	16817011
27561	Teche Action Clinic- West St.	16816991
38349	Teche Action Clinic – Galliano	16816981
39855	Sabine Comprehensive	16766501
43907	Capitol City Family Health	16846911
43907	Capitol City Family Health	16851231
43907	Capitol City Family Health	16851281
43907	Capitol City Family Health	16851321
43907	Capitol City Family Health	16851371

APPENDIX D

PAYMENT REQUESTS CHARGED

Service Provider Name	**DataConnex, LLC**
SPIN	143045344
Service Provider Invoice Number	25
Invoice Date to RHCD (mm/dd/yy)	02/07/2017
Total Invoice Amount	$599,564.98

Payment requests associated with apparent violations for falsely implying compliance with the Commission's competitive bidding rules and section 201(b):

FY	HCP #	FRN	HCP Entered Billing Account #	Multiple Months	Support Date	Support Amount to be Paid by USAC
2016	39855	16766501	1180	N	012017	$3,280.00
2016	16117	16767111	1014	N	012017	$3,654.29
2016	11959	16767241	1006	N	012017	$1,163.61
2016	30916	16767501	1101	N	012017	$1,361.60
2016	36880	16767791	1023	N	012017	$3,761.12
2016	25078	16870131	1214	N	012017	$4,510.00
2016	25077	16870141	1214	N	012017	$4,510.00
2016	44192	16883211	1059	N	012017	$4,536.37
2016	44192	16883311	1059	N	012017	$3,210.65
2016	44192	16883481	1059	N	012017	$3,197.81
2016	44192	16883521	1059	N	012017	$3,136.75
2016	44192	16883611	1059	N	012017	$3,124.26
2016	36973	16766121	1023	N	012017	$3,571.43
2016	13166	16766521	1004	N	012017	$3,239.00
2016	13166	16766571	1004	N	012017	$4,520.00
2016	36918	16767811	1023	N	012017	$3,478.20
2016	10436	16767871	1003	N	012017	$3,800.00
2016	44192	16883181	1059	N	012017	$4,487.70
2016	26978	16766311	1015	N	012017	$3,890.85
2016	11510	16766431	1001	N	012017	$4,510.00
2016	13166	16766551	1004	N	012017	$4,440.00
2016	36918	16767821	1023	N	012017	$1,898.30
2016	25078	16870121	1214	N	012017	$2,518.00
2016	44192	16883271	1059	N	012017	$3,706.13

2016	11422	16766231	1015	N	012017	$4,785.45
2016	11422	16766261	1015	N	012017	$5,681.41
2016	26995	16766301	1015	N	012017	$3,891.15
2016	36937	16767781	1023	N	012017	$2,059.33
2016	36976	16767831	1023	N	012017	$3,695.41
2016	16780	16767851	1023	N	012017	$7,996.86
2016	25421	16870161	1214	N	012017	$4,510.00
2016	44192	16883581	1059	N	012017	$3,150.95
2016	11511	16766421	1001	N	012017	$4,510.00
2016	18219	16766511	1180	N	012017	$3,325.00
2016	13166	16766541	1004	N	012017	$3,285.00
2016	30915	16767531	1101	N	012017	$1,545.20
2016	11422	16766251	1015	N	012017	$3,891.15
2016	16114	16766451	1001	N	012017	$2,810.00
2016	16118	16767081	1014	N	012017	$3,654.29
2016	16115	16767131	1014	N	012017	$2,573.96
2016	36925	16767801	1023	N	012017	$3,695.41
2016	16116	16775181	1014	N	012017	$3,964.05
2016	11422	16766241	1015	N	012017	$5,198.60
2016	16027	16767101	1014	N	012017	$4,705.10
2016	30911	16870261	1101	N	012017	$3,045.85
2016	30913	16870271	1101	N	012017	$3,045.30
2016	44192	16883351	1059	N	012017	$3,154.67
2016	44192	16883561	1059	N	012017	$3,142.33
2016	11422	16766281	1015	N	012017	$4,775.70
2016	26977	16766291	1015	N	012017	$3,891.15
2016	16113	16766441	1001	N	012017	$2,810.00
2016	10789	16766461	1001	N	012017	$4,510.00
2016	13166	16766531	1004	N	012017	$3,279.00
2016	14689	16766581	1004	N	012017	$3,345.00
2016	30917	16767511	1101	N	012017	$1,361.60
2016	16780	16767841	1023	N	012017	$4,216.68
2016	27579	16877671	1194	N	012017	$4,985.00
2016	44192	16883381	1059	N	012017	$3,141.63
2016	44192	16883431	1059	N	012017	$3,150.86

Payment requests associated with apparent violations for falsely implying compliance with the Commission's urban rate rules and section 201(b):

FY	HCP #	FRN	HCP Entered Billing Account #	Multiple Months	Support Date	Support Amount to be Paid by USAC
2016	10800	16855161	1061	N	012017	$3,117.56
2016	10800	16855171	1061	N	012017	$3,117.56
2016	10800	16855201	1061	N	012017	$2,762.50
2016	15050	16816841	1096	N	012017	$4,172.68
2016	15050	16816871	1096	N	012017	$4,640.00
2016	15050	16816931	1096	N	012017	$3,691.00
2016	15050	16816971	1096	N	012017	$3,716.08
2016	15112	16817001	1096	N	012017	$3,129.52
2016	15737	16856201	1091	N	012017	$3,645.00
2016	16017	16817021	1058	N	012017	$3,353.50
2016	16017	16854241	1058	N	012017	$4,640.00
2016	22233	16874941	1134	N	012017	$2,416.35
2016	22233	16874961	1134	N	012017	$2,348.01
2016	22233	16874971	1134	N	012017	$2,382.12
2016	22233	16874991	1134	N	012017	$3,218.40
2016	22233	16875001	1134	N	012017	$3,712.40
2016	22233	16875031	1134	N	012017	$2,384.57
2016	22233	16875051	1134	N	012017	$2,458.97
2016	24999	16801891	1082	N	012017	$1,265.00
2016	24999	16801921	1082	N	012017	$1,670.00
2016	25024	16856941	1978	N	012017	$4,670.00
2016	25024	16856971	1978	N	012017	$4,552.40
2016	25024	16856991	1978	N	012017	$4,650.00
2016	25024	16857011	1978	N	012017	$5,156.00
2016	25519	16804441	1065	N	012017	$2,232.80
2016	25519	16804471	1065	N	012017	$2,138.40
2016	25519	16813561	1065	N	012017	$2,232.80
2016	25519	16846771	1065	N	012017	$2,232.80
2016	25519	16846811	1065	N	012017	$2,232.80
2016	25820	16856341	1150	N	012017	$3,365.80
2016	26328	16855531	1157	N	012017	$2,628.48
2016	26328	16855541	1157	N	012017	$2,808.22
2016	26328	16855581	1157	N	012017	$3,564.67
2016	26328	16855591	1157	N	012017	$3,564.67
2016	26328	16855601	1157	N	012017	$3,564.64

2016	27559	16817011	1096	N	012017	$3,181.56
2016	27561	16816991	1096	N	012017	$3,140.20
2016	28265	16767391	1101	N	012017	$3,369.25
2016	28265	16767411	1101	N	012017	$3,370.25
2016	28265	16870201	1101	N	012017	$2,668.00
2016	28265	16870211	1101	N	012017	$3,370.92
2016	28265	16870291	1101	N	012017	$2,670.75
2016	28265	16870301	1101	N	012017	$2,670.75
2016	28265	16870321	1101	N	012017	$3,368.00
2016	28265	16870331	1101	N	012017	$2,670.75
2016	30493	16874931	1083	N	012017	$3,635.00
2016	30911	16870261	1101	N	012017	$3,045.85
2016	30913	16870271	1101	N	012017	$3,045.30
2016	30915	16767531	1101	N	012017	$1,545.20
2016	31556	16881361	1114	N	012017	$3,635.00
2016	31556	16881381	1114	N	012017	$4,147.88
2016	31556	16881401	1114	N	012017	$4,154.38
2016	31556	16881441	1114	N	012017	$5,472.50
2016	38144	16804541	1065	N	012017	$2,033.70
2016	38145	16804531	1065	N	012017	$2,033.70
2016	38146	16804521	1065	N	012017	$2,033.70
2016	38349	16816981	1096	N	012017	$3,230.90
2016	42473	16804511	1065	N	012017	$2,033.70
2016	43907	16846911	Customer # 1057	N	012017	$5,196.00
2016	43907	16851231	1057	N	012017	$5,196.00
2016	43907	16851281	1057	N	012017	$3,276.00
2016	43907	16851321	1057	N	012017	$3,276.00
2016	43907	16851371	1057	N	012017	$3,762.00
2016	44749	16855461	1091	N	012017	$4,672.70
2016	44749	16856081	1091	N	012017	$3,248.00
2016	44749	16856091	1091	N	012017	$3,176.00
2016	44749	16856101	1091	N	012017	$3,316.80
2016	44749	16856121	1091	N	012017	$3,248.00
2016	44749	16856131	1091	N	012017	$3,176.00
2016	44749	16856141	1091	N	012017	$3,316.80
2016	44749	16856161	1091	N	012017	$3,176.00
2016	44749	16856171	1091	N	012017	$2,562.74
2016	44749	16856191	1091	N	012017	$2,562.74
2016	44751	16856301	1091	N	012017	$2,689.00

Service Provider Name			**DataConnex, LLC**	
SPIN			143045344	
Service Provider Invoice Number			26	
Invoice Date to RHCD (mm/dd/yy)			03/05/2017	
Total Invoice Amount			$599,564.98	

Payment requests associated with apparent violations for falsely implying compliance with the Commission's competitive bidding rules and section 201(b):

FY	HCP #	FRN	HCP Entered Billing Account #	Multiple Months	Support Date	Support Amount to be Paid by USAC
2016	30913	16870271	1101	N	022017	$3,045.30
2016	44192	16883181	1059	N	022017	$4,487.70
2016	44192	16883211	1059	N	022017	$4,536.37
2016	44192	16883271	1059	N	022017	$3,706.13
2016	44192	16883581	1059	N	022017	$3,150.95
2016	11422	16766231	1015	N	022017	$4,785.45
2016	10789	16766461	1001	N	022017	$4,510.00
2016	28265	16767361	1101	N	022017	$3,361.64
2016	28265	16767371	1101	N	022017	$4,119.75
2016	30917	16767511	1101	N	022017	$1,361.60
2016	36976	16767831	1023	N	022017	$3,695.41
2016	28265	16870301	1101	N	022017	$2,670.75
2016	28265	16870331	1101	N	022017	$2,670.75
2016	44192	16883381	1059	N	022017	$3,141.63
2016	44192	16883521	1059	N	022017	$3,136.75
2016	11422	16766241	1015	N	022017	$5,198.60
2016	11422	16766251	1015	N	022017	$3,891.15
2016	11510	16766431	1001	N	022017	$4,510.00
2016	16113	16766441	1001	N	022017	$2,810.00
2016	28265	16767391	1101	N	022017	$3,369.25
2016	28265	16870211	1101	N	022017	$3,370.92
2016	28265	16870291	1101	N	022017	$2,670.75
2016	44192	16883311	1059	N	022017	$3,210.65
2016	44192	16883351	1059	N	022017	$3,154.67
2016	16117	16767111	1014	N	022017	$3,654.29
2016	14689	16766581	1004	N	022017	$3,345.00
2016	28265	16767411	1101	N	022017	$3,370.25

2016	28265	16767431	1101	N	022017	$4,118.75
2016	36937	16767781	1023	N	022017	$2,059.33
2016	36925	16767801	1023	N	022017	$3,695.41
2016	25078	16870121	1214	N	022017	$2,518.00
2016	25078	16870131	1214	N	022017	$4,510.00
2016	25077	16870141	1214	N	022017	$4,510.00
2016	30911	16870261	1101	N	022017	$3,045.85
2016	11422	16766281	1015	N	022017	$4,775.70
2016	11511	16766421	1001	N	022017	$4,510.00
2016	13166	16766571	1004	N	022017	$4,520.00
2016	28265	16767421	1101	N	022017	$4,118.00
2016	16780	16767841	1023	N	022017	$4,216.68
2016	25421	16870161	1214	N	022017	$4,510.00
2016	44192	16883431	1059	N	022017	$3,150.86
2016	44192	16883481	1059	N	022017	$3,197.81
2016	44192	16883561	1059	N	022017	$3,142.33
2016	44192	16883611	1059	N	022017	$3,124.26
2016	26977	16766291	1015	N	022017	$3,891.15
2016	26995	16766301	1015	N	022017	$3,891.15
2016	26978	16766311	1015	N	022017	$3,890.85
2016	16114	16766451	1001	N	022017	$2,810.00
2016	13166	16766551	1004	N	022017	$4,440.00
2016	16118	16767081	1014	N	022017	$3,654.29
2016	11959	16767241	1006	N	022017	$1,163.61
2016	30915	16767531	1101	N	022017	$1,545.20
2016	36880	16767791	1023	N	022017	$3,761.12
2016	10436	16767871	1003	N	022017	$3,800.00
2016	16116	16775181	1014	N	022017	$3,964.05
2016	28265	16870201	1101	N	022017	$2,668.00
2016	27579	16877671	1194	N	022017	$4,985.00
2016	36973	16766121	1023	N	022017	$3,571.43
2016	18219	16766511	1180	N	022017	$3,325.00
2016	28265	16767441	1101	N	022017	$4,121.00
2016	28265	16870321	1101	N	022017	$3,368.00
2016	11422	16766261	1015	N	022017	$5,681.41
2016	39855	16766501	1180	N	022017	$3,280.00
2016	13166	16766531	1004	N	022017	$3,279.00
2016	28265	16767451	1101	N	022017	$4,118.75
2016	28265	16767461	1101	N	022017	$4,119.75
2016	36918	16767821	1023	N	022017	$1,898.30
2016	16780	16767851	1023	N	022017	$7,996.86
2016	13166	16766521	1004	N	022017	$3,239.00
2016	13166	16766541	1004	N	022017	$3,285.00

2016	16027	16767101	1014	N	022017	$4,705.10
2016	16115	16767131	1014	N	022017	$2,573.96
2016	30916	16767501	1101	N	022017	$1,361.60
2016	36918	16767811	1023	N	022017	$3,478.20
2016	44060	16775111	1048	N	022017	$3,056.75

Payment requests associated with apparent violations for falsely implying compliance with the Commission's urban rate rules and section 201(b):

FY	HCP #	FRN	HCP Entered Billing Account #	Multiple Months	Support Date	Support Amount to be Paid by USAC
2016	10800	16855161	1061	N	022017	$3,117.56
2016	10800	16855171	1061	N	022017	$3,117.56
2016	10800	16855201	1061	N	022017	$2,762.50
2016	15050	16816841	1096	N	022017	$4,172.68
2016	15050	16816851	1096	N	022017	$3,662.16
2016	15050	16816861	1096	N	022017	$3,678.20
2016	15050	16816871	1096	N	022017	$4,640.00
2016	15050	16816931	1096	N	022017	$3,691.00
2016	15050	16816971	1096	N	022017	$3,716.08
2016	15112	16817001	1096	N	022017	$3,129.52
2016	15737	16856201	1091	N	022017	$3,645.00
2016	16017	16817021	1058	N	022017	$3,353.50
2016	16017	16854241	1058	N	022017	$4,640.00
2016	22233	16874941	1134	N	022017	$2,416.35
2016	22233	16874961	1134	N	022017	$2,348.01
2016	22233	16874971	1134	N	022017	$2,382.12
2016	22233	16874991	1134	N	022017	$3,218.40
2016	22233	16875001	1134	N	022017	$3,712.40
2016	22233	16875031	1134	N	022017	$2,384.57
2016	22233	16875051	1134	N	022017	$2,458.97
2016	24999	16801891	1082	N	022017	$1,265.00
2016	24999	16801921	1082	N	022017	$1,670.00
2016	25024	16856941	1978	N	022017	$4,670.00
2016	25024	16856971	1978	N	022017	$4,552.40
2016	25024	16856991	1978	N	022017	$4,650.00
2016	25024	16857011	1978	N	022017	$5,156.00
2016	25519	16804441	1065	N	022017	$2,232.80
2016	25519	16804471	1065	N	022017	$2,138.40
2016	25519	16813561	1065	N	022017	$2,232.80

2016	25519	16846771	1065	N	022017	$2,232.80
2016	25519	16846811	1065	N	022017	$2,232.80
2016	25820	16856341	1150	N	022017	$3,365.80
2016	26328	16855531	1157	N	022017	$2,628.48
2016	26328	16855541	1157	N	022017	$2,808.22
2016	26328	16855581	1157	N	022017	$3,564.67
2016	26328	16855591	1157	N	022017	$3,564.67
2016	26328	16855601	1157	N	022017	$3,564.64
2016	27559	16817011	1096	N	022017	$3,181.56
2016	27561	16816991	1096	N	022017	$3,140.20
2016	28265	16767361	1101	N	022017	$3,361.64
2016	28265	16767371	1101	N	022017	$4,119.75
2016	28265	16767391	1101	N	022017	$3,369.25
2016	28265	16767411	1101	N	022017	$3,370.25
2016	28265	16870201	1101	N	022017	$2,668.00
2016	28265	16870211	1101	N	022017	$3,370.92
2016	28265	16870291	1101	N	022017	$2,670.75
2016	28265	16870301	1101	N	022017	$2,670.75
2016	28265	16870321	1101	N	022017	$3,368.00
2016	28265	16870331	1101	N	022017	$2,670.75
2016	30493	16874931	1083	N	022017	$3,635.00
2016	30911	16870261	1101	N	022017	$3,045.85
2016	30913	16870271	1101	N	022017	$3,045.30
2016	30915	16767531	1101	N	022017	$1,545.20
2016	31556	16881361	1114	N	022017	$3,635.00
2016	31556	16881381	1114	N	022017	$4,147.88
2016	31556	16881401	1114	N	022017	$4,154.38
2016	31556	16881441	1114	N	022017	$5,472.50
2016	38144	16804541	1065	N	022017	$2,033.70
2016	38145	16804531	1065	N	022017	$2,033.70
2016	38146	16804521	1065	N	022017	$2,033.70
2016	38349	16816981	1096	N	022017	$3,230.90
2016	42473	16804511	1065	N	022017	$2,033.70
2016	43907	16846911	Customer # 1057	N	022017	$5,196.00
2016	43907	16851231	1057	N	022017	$5,196.00
2016	43907	16851281	1057	N	022017	$3,276.00
2016	43907	16851321	1057	N	022017	$3,276.00
2016	43907	16851371	1057	N	022017	$3,762.00
2016	44749	16855461	1091	N	022017	$4,672.70
2016	44749	16856081	1091	N	022017	$3,248.00
2016	44749	16856091	1091	N	022017	$3,176.00
2016	44749	16856101	1091	N	022017	$3,316.80

2016	44749	16856121	1091	N	022017	$3,248.00
2016	44749	16856131	1091	N	022017	$3,176.00
2016	44749	16856141	1091	N	022017	$3,316.80
2016	44749	16856161	1091	N	022017	$3,176.00
2016	44749	16856171	1091	N	022017	$2,562.74
2016	44749	16856191	1091	N	022017	$2,562.74
2016	44751	16856301	1091	N	022017	$2,689.00

Service Provider Name			**DataConnex, LLC**	
SPIN			143045344	
Service Provider Invoice Number			27	
Invoice Date to RHCD (mm/dd/yy)			04/05/2017	
Total Invoice Amount			$375,418.31	

Payment requests associated with apparent violations for falsely implying compliance with the Commission's competitive bidding rules and section 201(b):

FY	HCP #	FRN	HCP Entered Billing Account #	Multiple Months	Support Date	Support Amount to be Paid by USAC
2016	16118	16767081	1014	N	032017	$3,654.29
2016	16027	16767101	1014	N	032017	$4,705.10
2016	16117	16767111	1014	N	032017	$3,654.29
2016	16115	16767131	1014	N	032017	$2,573.96
2016	11959	16767241	1006	N	032017	$1,163.61
2016	10436	16767871	1003	N	032017	$3,800.00
2016	44060	16775111	1048	N	032017	$3,056.75
2016	16116	16775181	1014	N	032017	$3,964.05
2016	25078	16870121	1214	N	032017	$2,518.00
2016	25078	16870131	1214	N	032017	$4,510.00
2016	25077	16870141	1214	N	032017	$4,510.00
2016	25421	16870161	1214	N	032017	$4,510.00
2016	27579	16877671	1194	N	032017	$4,985.00

Payment requests associated with apparent violations for falsely implying compliance with the Commission's urban rate rules and section 201(b):

FY	HCP #	FRN	HCP Entered Billing Account #	Multiple Months	Support Date	Support Amount to be Paid by USAC
2016	10800	16855161	1061	N	032017	$3,117.56
2016	10800	16855171	1061	N	032017	$3,117.56
2016	10800	16855201	1061	N	032017	$2,762.50
2016	15050	16816841	1096	N	032017	$4,172.68
2016	15050	16816851	1096	N	032017	$3,662.16
2016	15050	16816861	1096	N	032017	$3,678.20

2016	15050	16816871	1096	N	032017	$4,640.00
2016	15050	16816931	1096	N	032017	$3,691.00
2016	15050	16816971	1096	N	032017	$3,716.08
2016	15112	16817001	1096	N	032017	$3,129.52
2016	16017	16817021	1058	N	032017	$3,353.50
2016	16017	16854241	1058	N	032017	$4,640.00
2016	15737	16856201	1091	N	032017	$3,645.00
2016	22233	16874941	1134	N	032017	$2,416.35
2016	22233	16874961	1134	N	032017	$2,348.01
2016	22233	16874971	1134	N	032017	$2,382.12
2016	22233	16874991	1134	N	032017	$3,218.40
2016	22233	16875001	1134	N	032017	$3,712.40
2016	22233	16875031	1134	N	032017	$2,384.57
2016	22233	16875051	1134	N	032017	$2,458.97
2016	24999	16801891	1082	N	032017	$1,265.00
2016	24999	16801921	1082	N	032017	$1,670.00
2016	25024	16856941	1978	N	032017	$4,670.00
2016	25024	16856971	1978	N	032017	$4,552.40
2016	25024	16856991	1978	N	032017	$4,650.00
2016	25024	16857011	1978	N	032017	$5,156.00
2016	25519	16804441	1065	N	032017	$2,232.80
2016	25519	16804471	1065	N	032017	$2,138.40
2016	25519	16813561	1065	N	032017	$2,232.80
2016	25519	16846771	1065	N	032017	$2,232.80
2016	25519	16846811	1065	N	032017	$2,232.80
2016	25820	16856341	1150	N	032017	$3,365.80
2016	26328	16855531	1157	N	032017	$2,628.48
2016	26328	16855541	1157	N	032017	$2,808.22
2016	26328	16855581	1157	N	032017	$3,564.67
2016	26328	16855591	1157	N	032017	$3,564.67
2016	26328	16855601	1157	N	032017	$3,564.64
2016	27559	16817011	1096	N	032017	$3,181.56
2016	27561	16816991	1096	N	032017	$3,140.20
2016	30493	16874931	1083	N	032017	$3,635.00
2016	31556	16881361	1114	N	032017	$3,635.00
2016	31556	16881381	1114	N	032017	$4,147.88
2016	31556	16881401	1114	N	032017	$4,154.38
2016	31556	16881441	1114	N	032017	$5,472.50
2016	38144	16804541	1065	N	032017	$2,033.70
2016	38145	16804531	1065	N	032017	$2,033.70
2016	38146	16804521	1065	N	032017	$2,033.70
2016	38349	16816981	1096	N	032017	$3,230.90
2016	42473	16804511	1065	N	032017	$2,033.70

2016	43907	16846911	Customer # 1057	N	032017	$5,196.00
2016	43907	16851231	1057	N	032017	$5,196.00
2016	43907	16851281	1057	N	032017	$3,276.00
2016	43907	16851321	1057	N	032017	$3,276.00
2016	43907	16851371	1057	N	032017	$3,762.00
2016	44749	16855461	1091	N	032017	$4,672.70
2016	44749	16856081	1091	N	032017	$3,248.00
2016	44749	16856091	1091	N	032017	$3,176.00
2016	44749	16856101	1091	N	032017	$3,316.80
2016	44749	16856121	1091	N	032017	$3,248.00
2016	44749	16856131	1091	N	032017	$3,176.00
2016	44749	16856141	1091	N	032017	$3,316.80
2016	44749	16856161	1091	N	032017	$3,176.00
2016	44749	16856171	1091	N	032017	$2,562.74
2016	44749	16856191	1091	N	032017	$2,562.74
2016	44751	16856301	1091	N	032017	$2,689.00

Service Provider Name			**DataConnex, LLC**	
SPIN			143045344	
Service Provider Invoice Number			28	
Invoice Date to RHCD (mm/dd/yy)			05/04/2017	
Total Invoice Amount			$685,087.56	

Payment requests associated with apparent violations for falsely implying compliance with the Commission's competitive bidding rules and section 201(b):

FY	HCP #	FRN	HCP Entered Billing Account #	Multiple Months	Support Date	Support Amount to be Paid by USAC
2016	16118	16767081	1014	N	042017	$3,654.29
2016	16027	16767101	1014	N	042017	$4,705.10
2016	16117	16767111	1014	N	042017	$3,654.29
2016	16115	16767131	1014	N	042017	$2,573.96
2016	11959	16767241	1006	N	042017	$1,163.61
2016	10436	16767871	1003	N	042017	$3,800.00
2016	44060	16775111	1048	N	042017	$3,056.75
2016	16116	16775181	1014	N	042017	$3,964.05
2016	25078	16870121	1214	N	042017	$2,518.00
2016	25078	16870131	1214	N	042017	$4,510.00
2016	25077	16870141	1214	N	042017	$4,510.00
2016	25421	16870161	1214	N	042017	$4,510.00
2016	27579	16877671	1194	N	042017	$4,985.00
2016	10328	16942651	1113	Y	042017	$35,911.21

Payment requests associated with apparent violations for falsely implying compliance with the Commission's urban rate rules and section 201(b):

FY	HCP #	FRN	HCP Entered Billing Account #	Multiple Months	Support Date	Support Amount to be Paid by USAC
2016	10800	16855161	1061	N	042017	$3,117.56
2016	10800	16855171	1061	N	042017	$3,117.56
2016	10800	16855201	1061	N	042017	$2,762.50
2016	15050	16816841	1096	N	042017	$4,172.68
2016	15050	16816851	1096	N	042017	$3,662.16

2016	15050	16816861	1096	N	042017	$3,678.20
2016	15050	16816871	1096	N	042017	$4,640.00
2016	15050	16816931	1096	N	042017	$3,691.00
2016	15050	16816971	1096	N	042017	$3,716.08
2016	15112	16817001	1096	N	042017	$3,129.52
2016	15737	16856201	1091	N	042017	$3,645.00
2016	16017	16817021	1058	N	042017	$3,353.50
2016	16017	16854241	1058	N	042017	$4,640.00
2016	22233	16874941	1134	N	042017	$2,416.35
2016	22233	16874961	1134	N	042017	$2,348.01
2016	22233	16874971	1134	N	042017	$2,382.12
2016	22233	16874991	1134	N	042017	$3,218.40
2016	22233	16875001	1134	N	042017	$3,712.40
2016	22233	16875031	1134	N	042017	$2,384.57
2016	22233	16875051	1134	N	042017	$2,458.97
2016	24999	16801891	1082	N	042017	$1,265.00
2016	24999	16801921	1082	N	042017	$1,670.00
2016	25024	16856941	1978	N	042017	$4,670.00
2016	25024	16856971	1978	N	042017	$4,552.40
2016	25024	16856991	1978	N	042017	$4,650.00
2016	25024	16857011	1978	N	042017	$5,156.00
2016	25024	16937611	1084	Y	042017	$28,751.10
2016	25519	16804441	1065	N	042017	$2,232.80
2016	25519	16804471	1065	N	042017	$2,138.40
2016	25519	16813561	1065	N	042017	$2,232.80
2016	25519	16846771	1065	N	042017	$2,232.80
2016	25519	16846811	1065	N	042017	$2,232.80
2016	25820	16856341	1150	N	042017	$3,365.80
2016	25820	16912951	1150	Y	042017	$16,397.08
2016	26328	16855531	1157	N	042017	$2,628.48
2016	26328	16855541	1157	N	042017	$2,808.22
2016	26328	16855581	1157	N	042017	$3,564.67
2016	26328	16855591	1157	N	042017	$3,564.67
2016	26328	16855601	1157	N	042017	$3,564.64
2016	27559	16817011	1096	N	042017	$3,181.56
2016	27561	16816991	1096	N	042017	$3,140.20
2016	30493	16874931	1083	N	042017	$3,635.00
2016	31556	16881361	1114	N	042017	$3,635.00
2016	31556	16881381	1114	N	042017	$4,147.88
2016	31556	16881401	1114	N	042017	$4,154.38
2016	31556	16881441	1114	N	042017	$5,472.50
2016	38144	16804541	1065	N	042017	$2,033.70
2016	38145	16804531	1065	N	042017	$2,033.70

2016	38146	16804521	1065	N	042017	$2,033.70
2016	38349	16816981	1096	N	042017	$3,230.90
2016	42473	16804511	1065	N	042017	$2,033.70
2016	43907	16846911	Customer # 1057	N	042017	$5,196.00
2016	43907	16851231	1057	N	042017	$5,196.00
2016	43907	16851281	1057	N	042017	$3,276.00
2016	43907	16851321	1057	N	042017	$3,276.00
2016	43907	16851371	1057	N	042017	$3,762.00
2016	44749	16855461	1091	N	042017	$4,672.70
2016	44749	16856081	1091	N	042017	$3,248.00
2016	44749	16856091	1091	N	042017	$3,176.00
2016	44749	16856101	1091	N	042017	$3,316.80
2016	44749	16856121	1091	N	042017	$3,248.00
2016	44749	16856131	1091	N	042017	$3,176.00
2016	44749	16856141	1091	N	042017	$3,316.80
2016	44749	16856161	1091	N	042017	$3,176.00
2016	44749	16856171	1091	N	042017	$2,562.74
2016	44749	16856191	1091	N	042017	$2,562.74
2016	44751	16856301	1091	N	042017	$2,689.00

Service Provider Name			**DataConnex, LLC**	
SPIN			143045344	
Service Provider Invoice Number			29	
Invoice Date to RHCD (mm/dd/yy)			06/05/2017	
Total Invoice Amount			$537,186.72	

Payment requests associated with apparent violations for falsely implying compliance with the Commission's competitive bidding rules and section 201(b):

FY	HCP #	FRN	HCP Entered Billing Account #	Multiple Months	Support Date	Support Amount to be Paid by USAC
2016	16118	16767081	1014	N	052017	$3,654.29
2016	16027	16767101	1014	N	052017	$4,705.10
2016	16117	16767111	1014	N	052017	$3,654.29
2016	16115	16767131	1014	N	052017	$2,573.96
2016	11959	16767241	1006	N	052017	$1,163.61
2016	10436	16767871	1003	N	052017	$3,800.00
2016	44060	16775111	1048	N	052017	$3,056.75
2016	16116	16775181	1014	N	052017	$3,964.05
2016	25078	16870121	1214	N	052017	$2,518.00
2016	25078	16870131	1214	N	052017	$4,510.00
2016	25077	16870141	1214	N	052017	$4,510.00
2016	25421	16870161	1214	N	052017	$4,510.00
2016	27579	16877671	1194	N	052017	$4,985.00
2016	10328	16942651	1113	N	052017	$4,733.62

Payment requests associated with apparent violations for falsely implying compliance with the Commission's urban rate rules and section 201(b):

FY	HCP #	FRN	HCP Entered Billing Account #	Multiple Months	Support Date	Support Amount to be Paid by USAC
2016	10800	16855161	1061	N	052017	$3,117.56
2016	10800	16855171	1061	N	052017	$3,117.56
2016	10800	16855201	1061	N	052017	$2,762.50
2016	15050	16816841	1096	N	052017	$4,172.68
2016	15050	16816851	1096	N	052017	$3,662.16

2016	15050	16816861	1096	N	052017	$3,678.20
2016	15050	16816871	1096	N	052017	$4,640.00
2016	15050	16816931	1096	N	052017	$3,691.00
2016	15050	16816971	1096	N	052017	$3,716.08
2016	15112	16817001	1096	N	052017	$3,129.52
2016	15737	16856201	1091	N	052017	$3,645.00
2016	16017	16817021	1058	N	052017	$3,353.50
2016	16017	16854241	1058	N	052017	$4,640.00
2016	22233	16874941	1134	N	052017	$2,416.35
2016	22233	16874961	1134	N	052017	$2,348.01
2016	22233	16874971	1134	N	052017	$2,382.12
2016	22233	16874991	1134	N	052017	$3,218.40
2016	22233	16875001	1134	N	052017	$3,712.40
2016	22233	16875031	1134	N	052017	$2,384.57
2016	22233	16875051	1134	N	052017	$2,458.97
2016	24999	16801891	1082	N	052017	$1,265.00
2016	24999	16801921	1082	N	052017	$1,670.00
2016	25024	16856941	1978	N	052017	$4,670.00
2016	25024	16856971	1978	N	052017	$4,552.40
2016	25024	16856991	1978	N	052017	$4,650.00
2016	25024	16857011	1978	N	052017	$5,156.00
2016	25024	16937611	1084	N	052017	$3,454.59
2016	25519	16804441	1065	N	052017	$2,232.80
2016	25519	16804471	1065	N	052017	$2,138.40
2016	25519	16813561	1065	N	052017	$2,232.80
2016	25519	16846771	1065	N	052017	$2,232.80
2016	25519	16846811	1065	N	052017	$2,232.80
2016	25820	16856341	1150	N	052017	$3,365.80
2016	25820	16912951	1150	N	052017	$2,342.44
2016	26328	16855531	1157	N	052017	$2,628.48
2016	26328	16855541	1157	N	052017	$2,808.22
2016	26328	16855581	1157	N	052017	$3,564.67
2016	26328	16855591	1157	N	052017	$3,564.67
2016	26328	16855601	1157	N	052017	$3,564.64
2016	27559	16817011	1096	N	052017	$3,181.56
2016	27561	16816991	1096	N	052017	$3,140.20
2016	30493	16874931	1083	N	052017	$3,635.00
2016	31556	16881361	1114	N	052017	$3,635.00
2016	31556	16881381	1114	N	052017	$4,147.88
2016	31556	16881401	1114	N	052017	$4,154.38
2016	31556	16881441	1114	N	052017	$5,472.50
2016	38144	16804541	1065	N	052017	$2,033.70
2016	38145	16804531	1065	N	052017	$2,033.70

2016	38146	16804521	1065	N	052017	$2,033.70
2016	38349	16816981	1096	N	052017	$3,230.90
2016	42473	16804511	1065	N	052017	$2,033.70
2016	43907	16846911	Customer # 1057	N	052017	$5,196.00
2016	43907	16851231	1057	N	052017	$5,196.00
2016	43907	16851281	1057	N	052017	$3,276.00
2016	43907	16851321	1057	N	052017	$3,276.00
2016	43907	16851371	1057	N	052017	$3,762.00
2016	44749	16855461	1091	N	052017	$4,672.70
2016	44749	16856081	1091	N	052017	$3,248.00
2016	44749	16856091	1091	N	052017	$3,176.00
2016	44749	16856101	1091	N	052017	$3,316.80
2016	44749	16856121	1091	N	052017	$3,248.00
2016	44749	16856131	1091	N	052017	$3,176.00
2016	44749	16856141	1091	N	052017	$3,316.80
2016	44749	16856161	1091	N	052017	$3,176.00
2016	44749	16856171	1091	N	052017	$2,562.74
2016	44749	16856191	1091	N	052017	$2,562.74
2016	44751	16856301	1091	N	052017	$2,689.00

Service Provider Name			**DataConnex, LLC**	
SPIN			143045344	
Service Provider Invoice Number			30	
Invoice Date to RHCD (mm/dd/yy)			07/05/2017	
Total Invoice Amount			$535,288.71	

Payment requests associated with apparent for falsely implying compliance with the Commission's competitive bidding rules and section 201(b):

FY	HCP #	FRN	HCP Entered Billing Account #	Multiple Months	Support Date	Support Amount to be Paid by USAC
2016	16027	16767101	1014	N	062017	$4,705.10
2016	16117	16767111	1014	N	062017	$3,654.29
2016	16118	16767081	1014	N	062017	$3,654.29
2016	16115	16767131	1014	N	062017	$2,573.96
2016	10436	16767871	1003	N	062017	$3,800.00
2016	44060	16775111	1048	N	062017	$3,056.75
2016	16116	16775181	1014	N	062017	$3,964.05
2016	46809	16981611	1209	Y	062017	$3,983.68
2016	25078	16870121	1214	N	062017	$2,518.00
2016	25078	16870131	1214	N	062017	$4,510.00
2016	25077	16870141	1214	N	062017	$4,510.00
2016	25421	16870161	1214	N	062017	$4,510.00
2016	10328	16942651	1113	N	062017	$4,733.62
2016	48646	16975081	1232	N	062017	$2,193.90
2016	48646	16975121	1232	N	062017	$1,892.93
2016	48646	16975141	1232	N	062017	$1,892.93
2016	46809	16981561	1209	Y	062017	$3,961.31
2016	46809	16981671	1209	Y	062017	$5,213.96
2016	46809	16981721	1209	Y	062017	$4,948.79
2016	46808	16981771	1209	Y	062017	$3,221.66

Payment requests associated with apparent violations for falsely implying compliance with the Commission's urban rate rules and section 201(b):

FY	HCP #	FRN	HCP Entered Billing Account #	Multiple Months	Support Date	Support Amount to be Paid by USAC
2016	10800	16855161	1061	N	062017	$3,117.56
2016	10800	16855171	1061	N	062017	$3,117.56
2016	10800	16855201	1061	N	062017	$2,762.50
2016	15050	16816841	1096	N	062017	$4,172.68
2016	15050	16816851	1096	N	062017	$3,662.16
2016	15050	16816861	1096	N	062017	$3,678.20
2016	15050	16816871	1096	N	062017	$4,640.00
2016	15050	16816881	1096	N	062017	$3,678.20
2016	15050	16816931	1096	N	062017	$3,691.00
2016	15050	16816971	1096	N	062017	$3,716.08
2016	15112	16817001	1096	N	062017	$3,129.52
2016	15737	16856201	1091	N	062017	$3,645.00
2016	16017	16817021	1058	N	062017	$3,353.50
2016	16017	16854241	1058	N	062017	$4,640.00
2016	22233	16874941	1134	N	062017	$2,416.35
2016	22233	16874961	1134	N	062017	$2,348.01
2016	22233	16874971	1134	N	062017	$2,382.12
2016	22233	16874991	1134	N	062017	$3,218.40
2016	22233	16875001	1134	N	062017	$3,712.40
2016	22233	16875031	1134	N	062017	$2,384.57
2016	22233	16875051	1134	N	062017	$2,458.97
2016	24999	16801891	1082	N	062017	$1,265.00
2016	24999	16801921	1082	N	062017	$1,670.00
2016	25024	16856941	1978	N	062017	$4,670.00
2016	25024	16856971	1978	N	062017	$4,552.40
2016	25024	16856991	1978	N	062017	$4,650.00
2016	25024	16857011	1978	N	062017	$5,156.00
2016	25024	16937611	1084	N	062017	$3,454.59
2016	25519	16804441	1065	N	062017	$2,232.80
2016	25519	16804471	1065	N	062017	$2,138.40
2016	25519	16813561	1065	N	062017	$2,232.80
2016	25519	16846771	1065	N	062017	$2,232.80
2016	25519	16846811	1065	N	062017	$2,232.80
2016	25820	16856341	1150	N	062017	$3,365.80
2016	25820	16912951	1150	N	062017	$2,342.44

2016	26328	16855531	1157	N	062017	$2,628.48
2016	26328	16855541	1157	N	062017	$2,808.22
2016	26328	16855581	1157	N	062017	$3,564.67
2016	26328	16855591	1157	N	062017	$3,564.67
2016	26328	16855601	1157	N	062017	$3,564.64
2016	27559	16817011	1096	N	062017	$3,181.56
2016	27561	16816991	1096	N	062017	$3,140.20
2016	30493	16874931	1083	N	062017	$3,635.00
2016	31556	16881361	1114	N	062017	$3,635.00
2016	31556	16881381	1114	N	062017	$4,147.88
2016	31556	16881401	1114	N	062017	$4,154.38
2016	31556	16881441	1114	N	062017	$5,472.50
2016	38144	16804541	1065	N	062017	$2,033.70
2016	38145	16804531	1065	N	062017	$2,033.70
2016	38146	16804521	1065	N	062017	$2,033.70
2016	38349	16816981	1096	N	062017	$3,230.90
2016	42473	16804511	1065	N	062017	$2,033.70
2016	43907	16846911	Customer # 1057	N	062017	$5,196.00
2016	43907	16851231	1057	N	062017	$5,196.00
2016	43907	16851281	1057	N	062017	$3,276.00
2016	43907	16851321	1057	N	062017	$3,276.00
2016	43907	16851371	1057	N	062017	$3,762.00
2016	44749	16855461	1091	N	062017	$4,672.70
2016	44749	16856081	1091	N	062017	$3,248.00
2016	44749	16856091	1091	N	062017	$3,176.00
2016	44749	16856101	1091	N	062017	$3,316.80
2016	44749	16856121	1091	N	062017	$3,248.00
2016	44749	16856131	1091	N	062017	$3,176.00
2016	44749	16856141	1091	N	062017	$3,316.80
2016	44749	16856161	1091	N	062017	$3,176.00
2016	44749	16856171	1091	N	062017	$2,562.74
2016	44749	16856191	1091	N	062017	$2,562.74
2016	44751	16856301	1091	N	062017	$2,689.00

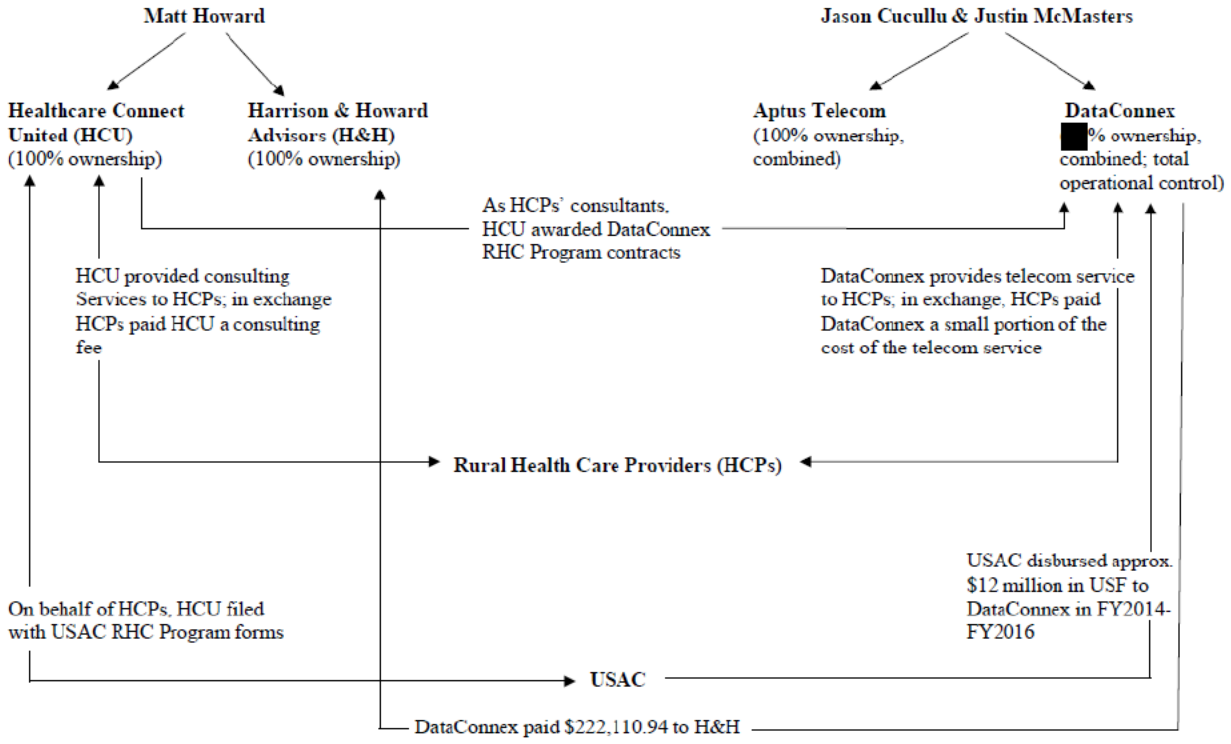
APPENDIX E

OVERVIEW OF URBAN RATE LETTERS SUPPORTED BY ACC SALES QUOTES

Service	City	State	Rate	Term
100Mbps Point to Point	Baton Rouge	Louisiana	$280	36 months
20Mbps Point to Point	Port Allen	Louisiana	$280	36 months
100Mbps Ethernet	Baton Rouge	Louisiana	$140	36 months
100Mbps Ethernet	New Orleans	Louisiana	$140	36 months
20Mbps Switched Ethernet	New Orleans	Louisiana	$140	36 months
50Mbps Point to Point – Fiber	Myrtle Beach	South Carolina	$276	60 months
100Mbps Ethernet	Myrtle Beach	South Carolina	$138	60 months
100Mbps Point to Point – Fiber	Myrtle Beach	South Carolina	$276	60 months
20Mbps MPLS	Little Rock	Arkansas	$138	36 months
100Mbps Ethernet	Little Rock	Arkansas	$138	36 months
100Mbps MPLS	Little Rock	Arkansas	$138	36 months

APPENDIX F

OVERVIEW OF RELEVANT ENTITIES AND INDIVIDUALS



APPENDIX G

EXAMPLES OF DATACONNEX'S URBAN RATES AND TRUE COST OF URBAN SERVICES

DataConnex Urban Rate Letter to USAC: $138/$140 Single Termination

Supported by: ACC Business ASE – Switched Ethernet Sales Quotes, Nashville, TN

DataConnex Rural Rate for Ethernet 100Mbps **HCP Abbeville**	**DataConnex Urban Rate to USAC for Ethernet 100Mbps**	**ACC Quote for Switched Ethernet 100Mbps**
Circuit Access $[redacted]	$[redacted]*	CIR 100Mbps $[redacted]
Port $[redacted]	n/a	Port 100Mbps $[redacted]**
MRC $[redacted]	**MRC $[redacted]***	**MRC $[redacted]**

DataConnex Rural Rate for Ethernet 100Mbps Fiber HCP Little River	**DataConnex Urban Rate to USAC for Ethernet Access 100Mbps**	**ACC Quote for Switched Ethernet 100Mbps**
Circuit Access $[redacted]	$[redacted]*	CIR 100Mbps $[redacted]
Port $[redacted]	n/a	Port 100Mbps $[redacted]**
MRC $[redacted]	**$[redacted]***	**MRC $[redacted]**

DataConnex Urban Rate: $276/$280 Point to Point

Supported by: ACC Business ASE – Switched Ethernet Sales Quotes, Nashville, TN

DataConnex Rural Rate for Point to Point 100Mbps HCP Iberia Comprehensive	**DataConnex Urban Rate to USAC for Point to Point 100Mbps**	**ACC Quote for Switched Ethernet 100Mbps**
Point to Point 100Mbps $[redacted]	$[redacted]*	CIR 100Mbps $[redacted]
		Port $[redacted]**
MRC $[redacted]	**$[redacted]***	**MRC $[redacted]**

DataConnex Rural Rate for Point to Point Fiber 100Mbps HCP Little River	**DataConnex Urban Rate to USAC for Point to Point 100Mbps - Fiber**	**ACC Quote for Switched Ethernet 100Mbps**
Point to Point Fiber 100Mbps $[redacted]	$[redacted]*	CIR 100Mbps $[redacted]
		Port 100Mbps $[redacted]**
MRC $[redacted]	**MRC $[redacted]***	**MRC $[redacted]**

DataConnex Urban Rate Letter to USAC: $140 Single Termination

Supported by: AT&T Sales Quote for Hardee's Restaurant, St. Louis, MO

DataConnex Rural Rate for Ethernet 100Mbps HCP Cedar County	**DataConnex Urban Rate to USAC for Ethernet 100Mbps**	**AT&T Sales Quote – Hardee's**
Circuit Access $[redacted]	$[redacted]*	Access Charge $[redacted]
Port Charge $[redacted]	n/a	Port Charge $[redacted]**
MRC $[redacted]	**MRC $[redacted]***	**MRC $[redacted]**

Supported by: AT&T Sales Quote for Jackson Zoo, Jackson, MS

DataConnex Rural Rate for Switched Ethernet 100Mbps HCP Kings Daughter	**DataConnex Urban Rate to USAC for Switched Ethernet 100Mbps**	**AT&T Sales Quote – Jackson Zoo**
Circuit Access $[redacted]	$[redacted]*	Access Charge $[redacted]**
Port Charge $[redacted]	n/a	Port Charge $[redacted]
MRC $[redacted]	**MRC $[redacted]***	**MRC $[redacted]**

DataConnex Urban Rate Letter to USAC: $50 Single Termination

Supported by: Airespring Sales Quote for Fast Ethernet 100M, Jackson, MS

DataConnex Rural Rate for Switched Ethernet 100Mbps HCP Aaron Henry	**DataConnex Urban Rate to USAC for Ethernet 100Mbps**	**Airespring Sales Quote for Ethernet 100Mbps**
Access Fee $[redacted]	$[redacted]*	Loop 100Mbps $[redacted]**
Port $[redacted]	n/a	Port 100Mbps $[redacted]
MRC $[redacted]	**MRC $[redacted]***	**MRC $[redacted]**

MRC = Monthly Remittance
*DataConnex issued Urban Rate
**Cost associated with the service component from the urban carrier's sales quote and used by DataConnex as its urban rate.

STATEMENT OF
CHAIRMAN AJIT PAI

Re: *DataConnex, LLC*, File No: EB-IHD-15-00020296.

Abuse of the Rural Health Care program is egregious, among other reasons, because every dollar stolen through fraud is a dollar not used to bring telehealth services to rural and remote areas. So I'm pleased that we're taking aggressive action against a company that we believe sought to scam the system. We allege that DataConnex flagrantly violated competitive bidding rules, falsified documents, and manipulated rates to inflate the funding it received. This conduct deserves a stiff penalty. And if the allegations set forth in the Notice of Apparent Liability are confirmed to be accurate, one will be imposed.

As the saying goes, "Fool me once shame on you; fool me twice shame on me." Well, DataConnex is the second *Notice of Apparent Liability* we've adopted in the past year involving the Rural Health Care program. This case again highlights the need for us to review that program. Just last month, we adopted a *Notice of Proposed Rulemaking* to explore ways we can stop waste, fraud, and abuse. This is especially critical because the program is hitting its current funding cap.

Thank you to the staff for the excellent legwork on this case. From the Enforcement Bureau, Rizwan Chowdhry, MaryBeth Deluca, Loyaan Egal, Rosemary Harold, Keith Morgan, Rakesh Patel, David Sobotkin, and Geoffrey Starks. From the Wireline Competition Bureau, Regina Brown, Radhika Karmarkar, and Preston Wise. And from the Office of General Counsel, Jim Bird, Billy Layton, Linda Oliver, Bill Richardson, and Sally Stone.

STATEMENT OF
COMMISSIONER MIGNON L. CLYBURN

Re: *DataConnex, LLC*, File No.: EB-IHD-15-00020296

Today we propose a nearly $19 million forfeiture against a company that thumbed its nose at our agency's rules. Through a web of underhanded deals, kickbacks, and falsified documents, DataConnex apparently took advantage of the Rural Healthcare program, the ratepayer, and the public trust.

I always say that waste, fraud, and abuse must not be tolerated in any of our Universal Service programs, which is why this item has my full support. I am also pleased that we include language that would allow us to revoke DataConnex's Commission authorizations if the findings in this Notice of Apparent Liability are upheld. No company is above the law, and if this company indeed has this level of disregard for our rules, it should not be allowed to receive one more dollar from the Universal Service Fund. I would also encourage our staff to work with relevant state and federal authorities to support bringing about criminal charges. The salacious conduct in this NAL is a solid factual base that could underpin further prosecution.

I thank the hardworking staff of the Enforcement Bureau, and in particular the USF Strike Force, whose diligent investigative work is on display here.

STATEMENT OF
COMMISSIONER BRENDAN CARR

Re: *DataConnex, LLC*, File No. EB-IHD-15-00020296.

Last month, the Commission proposed several changes to the Rural Health Care Program. We sought to incentivize prudent spending so that more Americans, regardless of where they live, have access to telemedicine and other advanced healthcare services. As we noted back then, the Rural Health Care Program serves important purposes, but for a number of reasons, the demand for Program dollars is now outpacing available funds.

As such, the conduct that DataConnex apparently engaged in strikes me as particularly egregious. It appears that the company acted to defraud the Rural Health Care Program by relying on forged documents, misrepresenting pricing information, and colluding to undermine the competitive bidding process. Over the past two years, DataConnex received about $12 million in support from the Program. This made it one of the top five funding recipients over that period of time. And recall that demand for Program dollars exceeded the cap for the first time last year. This means that DataConnex's apparently fraudulent scheme might have resulted in providers that are playing by the rules—and the potentially millions of consumers they serve—losing out on the valuable healthcare services made possible by the Program. Needless to say, we are not taking this conduct lightly.

So I support the $18 million proposed fine, and I want to thank the Enforcement Bureau for its diligent work in investigating and now prosecuting this case. This item has my support.