



NEWS

Federal Communications Commission
445 12th Street, S.W.
Washington, D. C. 20554

News Media Information 202 / 418-0500
TTY 202 / 418-2555
Fax-On-Demand 202 / 418-2830
Internet: <http://www.fcc.gov>
<ftp.fcc.gov>

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NEWS MEDIA CONTACT:
John Winston (202) 418-7450
jwinston@fcc.gov

FCC PROPOSES TO FINE SBC COMMUNICATIONS, INC. \$2.52 MILLION

Washington, D.C. – Based on procedures defined in the Communications Act of 1934, as amended, the Federal Communications Commission today released a Notice of Apparent Liability and Order (“Notice”) proposing that SBC Communications, Inc. (“SBC”) be held liable for a \$2.52 million fine. Today’s action follows an Enforcement Bureau investigation into SBC’s filing of inaccurate information in the Kansas/Oklahoma section 271 proceeding. SBC is permitted 30 days either to pay the proposed fine or to respond in writing. Should SBC submit a written response, the Commission will consider the response and then proceed to issue final rulings.

On December 11, 2000, while seeking to gain approval to offer interstate long distance service to customers in Kansas and Oklahoma, SBC submitted to the Commission three affidavits containing inaccurate information concerning the operation of SBC’s loop qualification system. After the Commission approved SBC’s Kansas/Oklahoma application, SBC informally advised Commission staff that the affidavits might contain inaccurate information. The Enforcement Bureau then initiated an investigation into the relevant circumstances.

In today’s Notice, the Commission first determined that, although SBC was negligent in collecting the information on which it relied in submitting these inaccurate affidavits, the record does not support a finding that SBC intentionally misrepresented information to the Commission. The Commission also found that SBC’s loop qualification system, as it operated when the Commission approved the Kansas/Oklahoma application, did not violate section 271 of the Communications Act.

Based on its investigation, however, the Commission did find that SBC appears to be liable for other apparent violations. Specifically, the Commission found that:

1. SBC appears to have violated section 1.17 of the Commission’s Rules by intentionally misrepresenting information to the Enforcement Bureau during the investigation. The Commission proposed a fine of \$120,000 for this apparent violation.

2. SBC appears to have violated section 1.65 of the Commission's Rules when it failed to notify the Commission in a timely manner that the information in the affidavits was inaccurate. For this, the Commission proposed a \$1.2 million fine.
3. SBC appears to have failed to comply with the terms of an SBC Consent Decree that resolved a 1999 Commission investigation into allegations that SBC employees had made inaccurate statements to the Commission. The Consent Decree required SBC to train employees engaged in regular contacts with the Commission about the Commission's rules concerning contacts with the agency. The Commission found that SBC appears not to have complied with this requirement as to one of the affiants and, as a result, proposed a \$1.2 million fine.

The Commission also directs SBC to submit reports regarding future compliance with section 1.65 of the Commission's Rules and the 1999 Consent Decree.

Action by the Commission, October 16, 2001, Notice of Apparent Liability and Order (FCC 01-308).

Enforcement Bureau Contact: John R. Winston 202-418-7450