



Head in the Sand...

Presented by Kris Twomey
Law Office of Kristopher E. Twomey, P.C.

A FISPA Event
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Regulation by the Federal Communications Commission

- Offering voice services to the public is not a hobby
- Your responsibility, not the wholesale provider
- Regulatory vacuum/free-ride for VoIP is long over
- Time to Make a Plan Now to Deal With Current Requirements and For Future Hassles
- E911- November 2005
- FUSF
- CALEA
- CPNI- No More Hiding!
- VoIP Subscriber Reporting- Form 477
- Various Federal Regulatory Fees Besides FUSF

Fines by the FCC Enforcement Bureau aka Scare Marketing

- Take a look at
 - <http://transition.fcc.gov/eb/>
 - <http://transition.fcc.gov/eb/Headlines.html>
- EB Notifies (for First Time!) Providers of Form 477 Obligations
- \$25,000 for failure to file CPNI certifications
- \$1,000 to \$6,000 for non-compliant CPNI statements
- June 30, 2011- Advisory Guidance on Open Internet Rules
- Various fines for failing to pay USF

Federal Universal Service Fund and 499-As and Qs

- All VoIP Providers Must Obtain a Federal Registration Number, and then File a 499-A Every April 1st
- Yes, even if you are buying wholesale VoIP
- If VoIP Provider owes less than \$10K to USAC annually, then considered de minimis, no money owed to FCC
- Formula? 64.9% of VoIP is “interstate,” subject to USF
- But then, Wholesaler must report de minimis wholesale customer revenues to the FCC as if the customer was an end user so that the USF gets paid by somebody
- Providers that are not de minimis should bill for USF, but the funds would be retained to be sent to the FCC later and are not sent to CP
- Non de minimis partners must also make quarterly filings of 499-Qs, similar to reporting and paying estimated taxes. 499-As are really a true-up mechanism.

CALEA

- VoIP Providers Are Subject to the Communications Law Enforcement Act
- Wholesalers are, or at least should be, responsible for making sure its wholesale services are CALEA compliant
- Providers must report on FCC form 445 that they are using a wholesalers' services, that as far as they have been told, the wholesaler is technically compliant, and that the Provider will cooperate with CALEA requests from law enforcement agencies
- Better to do it now before you receive a CALEA warrant and the FBI asks why you're not in the FCC's database
- What if I run an Asterisk box? Well, good luck

CPNI

- What is it? Customer Proprietary Network Information... Huh?
- Certification of compliance due March 1 every year
- Wholesalers can and do certify that they are compliant
- Retail providers must certify that they have not had any CPNI breaches and otherwise properly guard the data
- In 2009, proposed penalties of \$20K to more than 700 companies for failure to file on time

FCC Form 477

- All Facilities-based Broadband and VoIP providers must report their deployment numbers on Form 477 twice a year, March 1st and September 1st
- Renewed emphasis on broadband and competition mapping could result in greater scrutiny
- Why did the Enforcement Bureau issue a notice on December 16, 2011 reminding providers of the obligation?
- “What Are the Penalties that Apply? Companies are reminded that failure to comply with the Form 477 reporting requirements may subject them to monetary forfeitures of up to \$150,000 for each violation or each day of a continuing violation, up to a maximum of \$1,500,000. False statements or misrepresentations to the Commission may be punishable by fine or imprisonment under Title 18 of the U.S. Code. “

Other Issues

- Regulatory fees for de minimis carriers: LNP, TRS, FCC annual regulatory fee
- Please don't throw those bills away...
- States and localities up next, especially state and local taxation of VoIP—Illinois 7%, Pennsylvania 6%
- State registration for VoIP providers— California and Illinois
- E911 fees from every size governmental entity
- Everybody has an Open Internet Principles Statement posted on their website, right?

What Can LoKT Do About It

- A small pitch, just because Jim makes fun of me for being too subtle
- \$1000 flat fee to ensure compliance
 - Assistance with 499-A
 - Assistance with CALEA, FCC Form 445
 - Filing CPNI Compliance Statement, Employee Manual, and Employee Training Webinar
 - Assistance with FCC Form 477
 - Preparation of Open Internet Principles Statement
 - Assistance with state requirements

Thanks

Kris Twomey

Law Office of Kristopher E. Twomey, P.C.

1725 I Street, NW

Suite 300

Washington, DC 20006

202 680-1850

kris@lokt.net