March 14, 2013

Verizon Communications, Inc.
140 West Street
New York, NY 10007

Dear Sir or Madam:

The Project On Government Oversight (POGO) has updated its Federal Contractor Misconduct Database (http://www.contractormisconduct.org/), a compilation of information from public resources regarding government contractors, including Verizon Communications. I have enclosed the findings relevant to your company, and I am seeking verification of this data.

Any response would be greatly appreciated, as the accuracy of this information is in the best interest of all parties. Out of fairness to Verizon Communications, please be assured that any response received by POGO will be posted on the website along with the data. Please note that the database includes pending instances, but these are kept separate from resolved instances and are not included in the totals.

If you have any questions, I can be reached at (202) 347-1122. Thank you for your time and consideration.

Sincerely,

Neil Gordon
Investigator

Enclosure
Instances

Starpower Communications, LLC v. Verizon South, Inc. (Violation of Interconnection Agreement)
Date: 11/05/2003 (Date of Opinion)
Misconduct Type: Other
Enforcement Agency: FCC
Contracting Party: None
Court Type: Administrative
Amount: $12,059,149
Disposition: Restitution
Synopsis: On November 5, 2003, the Federal Communications Commission awarded Starpower Communications, LLC $12 million in restitution for Verizon’s violation of a previously existing interconnection agreement that required Verizon South to pay reciprocal compensation for Starpower’s delivery of traffic originated by Verizon South’s customers and bound for Starpower’s Internet service provider (“ISP”) customers.

Core Communications, Inc. v. Verizon Maryland, Inc. (Violation of Interconnection Agreement)
Date: 04/18/2003 (Date of Opinion)
Misconduct Type: Other
Enforcement Agency: FCC
Contracting Party: None
Court Type: Administrative
Amount: $0
Disposition: Judgment Against Defendant
Synopsis: On April 18, 2003, the Federal Communications Commission ruled that Verizon violated its interconnection agreement with Core Communications in 2000 by failing to interconnect with Core on just and reasonable terms pursuant to the Communications Act of 1934. Verizon delaying interconnection by four months and further aggravated the delay by repeatedly failing to provide information to Core as to the existence and probable duration of the delay. The FCC did not award Core any damages.

Cox Virginia Telecom, Inc. v. Verizon South, Inc. (Violation of Interconnection Agreement)
Date: 05/02/2002 (Date of Opinion)
Misconduct Type: Other
Enforcement Agency: FCC
Contracting Party: None
Court Type: Administrative
Amount: $0
Disposition: Judgment Against Defendant
Synopsis: On May 2, 2002, the Federal Communications Commission ruled in favor of Cox Virginia Telecom and found that, pursuant to the Communications Act of 1934, Verizon violated its interconnection agreement with Cox by refusing to pay reciprocal compensation for the delivery of traffic bound for Internet service providers (ISPs). The FCC did not award Cox any damages.
Global NAPs, Inc. v. Verizon Communications et al. (Violation of Merger Order)
Date: 02/21/2002 (Date of Opinion)
Misconduct Type: Other
Enforcement Agency: FCC
Contracting Party: None
Court Type: Administrative
Amount: $0
Disposition: Judgment Against Defendant
Synopsis: On February 21, 2002, the Federal Communications Commission ruled that Verizon violated the Communications Act of 1934 by refusing to permit Global NAPs to opt into certain provisions of an interconnection agreement in accordance with a condition of the FCC’s approval of the merger application of Bell Atlantic and GTE. The FCC denied Global NAPs’ claim for damages because such claim was premature.

Violations of FCC Posting Rule
Date: 09/10/2001 (Date of Consent Decree)
Misconduct Type: Other
Enforcement Agency: FCC
Contracting Party: None
Court Type: Administrative
Amount: $77,000
Disposition: Fine
Synopsis: On September 10, 2001, the Federal Communications Commission negotiated the terms of a consent decree with Verizon Communications that ended an investigation into Verizon’s possible violations of FCC rules “in connection with Verizon's posting of notice of exhausted collocation space on its Internet website.” In accordance with the consent decree, Verizon agreed to make a $77,000 "voluntary contribution to the United States Treasury" and initiate several remedial actions.

Violations of the Communications Act of 1934
Date: 07/23/2004 (Date of Consent Decree)
Misconduct Type: Other
Enforcement Agency: FCC
Contracting Party: None
Court Type: Administrative
Amount: $300,000
Disposition: Fine
Synopsis: On July 23, 2004, the Federal Communications Commission negotiated the terms of a consent decree with Verizon Communications that ended an investigation into Verizon’s possible violations of the Communications Act of 1934 and FCC rules. The alleged violations at issue concerned Verizon’s compliance with certain structural, transactional, and nondiscrimination safeguards applicable to transactions between Verizon’s Bell Operating Companies and its other incumbent local exchange carriers, on the one hand, and Verizon’s separate long distance affiliates on the other. Verizon agreed to make a "voluntary contribution to the United States Treasury" of $300,000 as part of the consent decree.
Violation of FCC Affiliate Transaction Rules  
Date: 08/06/2003 (Date of Notice)  
Misconduct Type: Other  
Enforcement Agency: FCC  
Contracting Party: None  
Court Type: Administrative  
Amount: $283,800  
Disposition: Fine  
Synopsis: On August 6, 2003, the Federal Communications Commission found that Verizon apparently violated the FCC’s rule which regulates accounting practices for transactions between Verizon’s New York Bell Operating Company and its affiliates and ensures that Verizon's affiliates do not receive better treatment than Verizon's competitors. The FCC found Verizon liable for a forfeiture in the amount of $283,800. The FCC also admonished Verizon for failing to post on the Internet accurate and timely descriptions of all transactions between the BOC and its affiliates.

Premature Marketing of Long Distance Services  
Date: 02/28/2003 (Date of Consent Decree)  
Misconduct Type: Consumer Affairs  
Enforcement Agency: FCC  
Contracting Party: None  
Court Type: Administrative  
Amount: $5,700,000  
Disposition: Fine  
Synopsis: On February 28, 2003, the Federal Communications Commission negotiated the terms of a consent decree with Verizon Communications that ended an investigation into Verizon’s possible violations of the Communications Act of 1934 in connection with the marketing and provisioning of long distance services in states where Verizon had not received authorization to provide such services. As part of the consent decree, Verizon agreed to pay $5.7 million as well as implement new controls.

Failure to Comply with Merger Conditions  
Date: 08/16/2002 (Date of Consent Decree)  
Misconduct Type: Other  
Enforcement Agency: FCC  
Contracting Party: None  
Court Type: Administrative  
Amount: $260,000  
Disposition: Fine  
Synopsis: On August 16, 2002, the Federal Communications Commission negotiated the terms of a consent decree with Verizon that ended an investigation into potential non-compliance with the GTE-Bell Atlantic merger conditions. As part of the consent decree, Verizon agreed to pay $260,000 as well as implement a compliance plan.

Failure to Pay Overtime Wages  
Date: 02/17/2005 (Date of Press Release)  
Misconduct Type: Labor
**Enforcement Agency:** Labor  
**Contracting Party:** None  
**Court Type:** N/A  
**Amount:** $137,870  
**Disposition:** Fine  
**Synopsis:** In February 2005, after the U.S. Department of Labor found violations of the Fair Labor Standards Act (FLSA), Verizon paid $137,870 in overtime back wages to 26 employees at its Memphis location. The DOL determined that, from August 2002 to July 2004, Verizon technicians and customer service associates were not paid for short breaks, lunch periods and hours worked prior to and following assigned shifts.

**Termination of an Agreement**  
**Date:** 01/01/2004 (Date of Financial Statement - approximate)  
**Misconduct Type:** Other  
**Enforcement Agency:** Non-Governmental  
**Contracting Party:** Non-Governmental  
**Court Type:** Civil  
**Amount:** $175,000,000  
**Disposition:** Settlement  
**Synopsis:** In 2002, Verizon recorded a charge of $175 million to settle a litigation matter that arose from its termination of an agreement with NorthPoint Communications Group, Inc. to combine the two companies’ digital subscriber line (DSL) businesses.

**Pregnancy Bias**  
**Date:** 02/26/2002 (Date of Settlement Announcement)  
**Misconduct Type:** Labor  
**Enforcement Agency:** EEOC  
**Contracting Party:** None  
**Court Type:** Civil  
**Amount:** $49,000,000  
**Disposition:** Settlement  
**Synopsis:** On February 26, 2002, the Equal Employment Opportunity Commission announced the settlement of a class action lawsuit alleging pregnancy discrimination against Verizon predecessor companies NYNEX and Bell Atlantic in violation of Title VII of the Civil Rights Act of 1964, the Pregnancy Discrimination Act, the Equal Pay Act, and the Civil Rights Act of 1991. Under the settlement, thousands of current and former female employees in 13 states and the District of Columbia were to receive millions in benefits that were not made available to them for discriminatory reasons related to pregnancy or maternity leave between the years 1965 and 1983. In June 2006, it was reported that, pursuant to the settlement, Verizon would pay a total of $49 million to more than 12,300 current and former employees.

**Disability Discrimination**  
**Date:** 07/06/2011 (Date of Settlement Announcement)  
**Misconduct Type:** Labor  
**Enforcement Agency:** EEOC  
**Contracting Party:** None  
**Court Type:** Civil
Amount: $20,000,000
Disposition: Settlement
Synopsis: Verizon Communications agreed to pay $20 million and provide other equitable relief to resolve a nationwide disability discrimination lawsuit filed by the U.S. Equal Employment Opportunity Commission (EEOC). The lawsuit claimed the company unlawfully denied reasonable accommodations to hundreds of employees and disciplined and/or fired them pursuant Verizon’s “no fault” attendance policy, in violation of the Americans With Disabilities Act (ADA).

Moore, et al. v. Verizon Communications (Cramming)
Date: 02/27/2012 (Date of Settlement)
Misconduct Type: Consumer Affairs
Enforcement Agency: Non-Governmental
Contracting Party: None
Court Type: Civil
Amount: Unknown
Disposition: Settlement
Synopsis: Verizon settled a class-action lawsuit over “cramming,” a practice in which third-party companies place charges for various products and services on Verizon phone bills without the customers’ permission. The lawsuit alleged that Verizon profited from this practice by keeping for itself a portion of the amounts billed by these third-party companies. The settlement covers all Verizon landline customers nationwide (including individuals, businesses and local governmental entities) who were billed for third-party charges from April 27, 2005 through February 28, 2012.

Verizon Wireless Data Charges (Class-Action Lawsuit)
Date: 05/24/2011 (Date of Settlement)
Misconduct Type: Consumer Affairs
Enforcement Agency: Non-Governmental
Contracting Party: None
Court Type: Civil
Amount: $52,800,000
Disposition: Settlement
Synopsis: Verizon Wireless announced it would refund a minimum of $52.8 million to 15 million mobile phone customers who alleged they were wrongly billed for data services. Customers complained that they were charged $1.99 Internet usage fees even when their phones were turned off or when they accidentally launched the Web browser. They alleged that Verizon had known about the problem for two years and rigged phones to make it easy to accidentally launch the browser. See related Verizon Communications instance, “Verizon Wireless Data Charges (FCC Investigation)”.

Service Quality Deficiencies
Date: 05/04/2007
Misconduct Type: Consumer Affairs
Enforcement Agency: State/Local
Contracting Party: None
Court Type: Administrative
Amount: $1,250,000
Disposition: Fine
Synopsis: In May 2007, Verizon North Inc. was fined $250,000 and agreed to invest $1 million in its Ohio operations for failure to meet portions of Ohio’s Minimum Telephone Service Standards, including doing a poor job of restoring telephone service after outages and other service problems. According to the Public Utilities Commission of Ohio, last year, 30 percent of the company's Ohio customers who experienced outages were without service for more than 24 hours. Other complaints included repeat outages, incomplete repair work and static on lines. Verizon, which is the state's second-largest provider of landline phone service, must also hold $350,000 in reserve for one year while the PUCO monitors its compliance. At the end of that period, if the company has not operated according to the agreement, the money will go to the state as a fine.

Verizon Wireless Data Charges (FCC Investigation)
Date: 10/28/2010 (Date of Settlement Announcement)
Misconduct Type: Consumer Affairs
Enforcement Agency: FCC
Contracting Party: None
Court Type: Administrative
Amount: $25,000,000
Disposition: Settlement
Synopsis: Verizon Wireless settled with the Federal Communications Commission (FCC) over its practice of charging “mystery fees” to mobile phone customers since November 2007. In January 2010, the FCC began investigating consumer complaints and press reports about unexplained data charges. The investigation focused on “pay-as-you-go” data fees, charges of $1.99 per megabyte that apply to Verizon Wireless customers who do not subscribe to a data package or plan, and found that approximately 15 million “pay-as-you-go” customers were or may have been overcharged for data usage. It was determined that the erroneous fees were caused by unauthorized data transfers initiated automatically by applications (like games) built into certain phones; accessing certain web links that were designated as free-of-charge (e.g., the Verizon Wireless Mobile Web homepage); unsuccessful attempts to access data when there was insufficient network coverage to complete the requested data transfer; and unwanted data transfers initiated by third parties and affecting customers who had content filters installed on their phones. Verizon Wireless agreed to pay the government $25 million. See related Verizon Communications instance, “Verizon Wireless Data Charges (Class-Action Lawsuit)”.

Illegal Late and Reconnect Fees
Date: 08/28/2007 (Date of First Amended Complaint)
Misconduct Type: Consumer Affairs
Enforcement Agency: Non-Governmental
Contracting Party: None
Court Type: Civil
Amount: $10,000,000
Disposition: Settlement
Synopsis: A class-action lawsuit claimed that Verizon Wireless violated California consumer protection law by imposing a flat $5 late fee on overdue bills and by imposing a flat $15
reconnect fee to reinstate service on a line that has been impaired due to non-payment. Verizon settled the lawsuit in May 2012 for $10 million.

**Unlawfully Obtained Proprietary Information**  
**Date:** 06/14/2007 (Date of Settlement)  
**Misconduct Type:** Intellectual Property  
**Enforcement Agency:** Non-Governmental  
**Contracting Party:** None  
**Court Type:** Civil  
**Amount:** Undisclosed  
**Disposition:** Settlement  
**Synopsis:** In June 2007, it was reported that Verizon South Africa paid an undisclosed sum to Internet Solutions, a subsidiary of IT company Dimension Data (Didata) to settle a case in which Verizon was accused of abetting the theft of sensitive and confidential Internet Solutions documents. Although the settlement is confidential, Verizon reportedly paid Internet Solutions less than R10 million (US$1.4 million).

**Massachusetts Overbilling**  
**Date:** 12/16/2011 (Date of Settlement Announcement)  
**Misconduct Type:** Government Contract Fraud  
**Enforcement Agency:** State/Local  
**Contracting Party:** State/Local  
**Court Type:** Civil  
**Amount:** $814,000  
**Disposition:** Settlement  
**Synopsis:** Verizon New England, Inc. paid more than $800,000 to settle charges that it overbilled Massachusetts cities and towns for phone service. Hundreds of local government entities in Massachusetts that contracted with Verizon for telephone service were overcharged a total of $1.5 million, which Verizon refunded. According to Verizon, the overbilling occurred in 2006 after inaccurate information was programmed into newly installed billing software. The Massachusetts attorney general claimed the overbilling continued even after Verizon became aware of the problem.

**Early Termination Fee Lawsuit**  
**Date:** 07/11/2008 (Date of Settlement)  
**Misconduct Type:** Consumer Affairs  
**Enforcement Agency:** Non-Governmental  
**Contracting Party:** None  
**Court Type:** Civil  
**Amount:** $21,000,000  
**Disposition:** Settlement  
**Synopsis:** A customer class action lawsuit claimed that Verizon Wireless violated state and federal consumer protection law by imposing flat Early Termination Fees (ETFs) of between $175 and $200 (the amount of the fee remained constant for the duration of the customer’s contract). Verizon Wireless settled the lawsuit for $21 million.

**Blocking Consumers’ Access to Certain Mobile Broadband Applications**  
**Date:** 07/31/2012 (Date of Settlement Announcement)
**Misconduct Type:** Consumer Affairs  
**Enforcement Agency:** FCC  
**Contracting Party:** None  
**Court Type:** Administrative  
**Amount:** $1,250,000  
**Disposition:** Settlement  
**Synopsis:** Verizon paid $1.25 million to resolve an investigation by the Federal Communications Commission (FCC) into whether the company had fully complied with the FCC’s “C Block rules,” requiring licensees of C Block spectrum to allow customers to freely use the devices and applications of their choosing. The FCC investigated allegations that Verizon Wireless, which offers its 4G LTE service on the C Block spectrum, had requested that a major application store operator block Verizon’s customers from accessing tethering applications from its online market (“tethering” is using a wireless phone as a modem to obtain Internet access for another device, such as a laptop computer or tablet.)

**California Family Care and Medical Leave Lawsuit**  
**Date:** 11/30/2010 (Date of Settlement Announcement)  
**Misconduct Type:** Labor  
**Enforcement Agency:** State/Local  
**Contracting Party:** None  
**Court Type:** Civil  
**Amount:** $6,011,190  
**Disposition:** Settlement  
**Synopsis:** Verizon paid $6 million to current and former California employees to settle a class action lawsuit filed by the California Department of Fair Employment and Housing (DFEH) challenging the company’s family medical leave practices. The settlement covered Verizon’s voice, data and video operations in California, which employ more than 7,000 people. DFEH alleged that from 2007 to 2010, Verizon denied or failed to timely approve employees’ requests for leave for their own serious health condition, to care for a family member with a serious health condition, or to bond with a new child. DFEH also alleged that the company fired employees for violating Verizon’s attendance policy when they missed work for a reason protected under state law. Verizon cooperated fully with the DFEH’s investigation and did not admit to any wrongdoing in settling the lawsuit.

**U.S. ex rel. Shea, et al. v. Verizon Communications (False Claims on GSA Telecom Services Contracts)**  
**Date:** 04/05/2011 (Date of Settlement Announcement)  
**Misconduct Type:** Government Contract Fraud  
**Enforcement Agency:** GSA  
**Contracting Party:** GSA  
**Court Type:** Civil  
**Amount:** $96,525,411  
**Disposition:** Settlement  
**Synopsis:** Verizon Communications paid the United States $93.5 million to resolve allegations that the company overcharged the General Services Administration (GSA) on invoices dealing with government-wide voice and data telecommunications services contracts. (Verizon had previously refunded the government an additional $3 million.) Verizon subsidiary MCI
Communications Services Inc. (d/b/a Verizon Business Services) was alleged to have submitted false claims to GSA for a variety of federal, state and local taxes and surcharges in violation of the contracts or applicable regulations.