



**KLEIN LAW
GROUP PLLC**

**NATIONAL COMMUNICATIONS
COUNSELSM**

Your Trusted Advisor

Firm Advisory

December 5, 2007

**FCC INCREASES PENALTIES FOR
DELINQUENT USF FILINGS**

On November 1, 2007, new Federal Communications Commission's measures to curb Universal Service Fund ("USF") abuses became effective. The new rules significantly increase potential penalties for telecommunications, interconnected voice over Internet protocol, and broadband Internet access entities subject to USF reporting and contribution requirements.

Under the new rules, delinquent USF reports and contributions are now subject to un-capped assessments that continue to grow until contributions and penalty assessments are paid. Furthermore, interest assessments on penalties and contributions greatly increase once a debt becomes 90 days late, creating a strong incentive for timely reporting and contribution to the USF.

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To briefly illustrate the dramatic change, the previous penalty for a late-filed USF report was a one-time charge of .005 percent of the filer's annual revenue, with a minimum assessment of \$100 and a maximum of \$5,000. Now, the Commission will no longer cap penalties for late USF reports and will subject all penalties to compounded interest. Interest will also apply to all delinquent USF contributions, and an additional 6% interest will be assessed on penalties and contributions more than 90 days late. All interest assessments will be calculated based on the number of days of the period of delinquency and the entire amount due.

The new penalties apply prospectively from November 1, 2007. Annual assessments are due on April 1st of each year.

The Klein Law Group, PLLC and Miller Isar, Inc. have partnered together to introduce a joint comprehensive USF reporting and contribution practice. For additional information on how we can help you navigate through the complex world of USF, please contact Andrew Isar at 253.851.6700, or Andy Klein at 202.289.6955.

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