

SETTLEMENT AGREEMENT

This Settlement Agreement (Agreement) is entered into among the United States of America, acting through the United States Department of Justice and on behalf of the Federal Communications Commission (FCC) (collectively the “United States”), GCI Communications Corp. (GCI), and Robert Taylor (hereafter collectively referred to as “the Parties”), through their authorized representatives.

RECITALS

A. Defendant GCI, a Delaware corporation with its principal place of business in Alaska, is a facilities-based telecommunications service provider. GCI is a wholly owned subsidiary of GCI Holdings, LLC (GCI Holdings). GCI Holdings is now a wholly owned subsidiary of Liberty Broadband Corporation (Liberty Broadband) as a result of a December 18, 2020 merger between GCI Liberty Inc. and Liberty Broadband.

B. On December 12, 2019, Robert Taylor (Relator) filed a *qui tam* action in the United States District Court for the Western District of Washington captioned as *United States ex rel. Robert Taylor v. GCI Liberty, Inc. a/k/a General Communication, Inc. and Eastern Aleutian Tribes, Inc.*, Case No. 19-cv-2029, pursuant to the *qui tam* provisions of the False Claims Act, 31 U.S.C. § 3730(b) (the Civil Action). Relator alleged that GCI falsely claimed and received funds from the FCC’s Rural Health Care Program (RHC Program) in connection with a contract between GCI and Eastern Aleutian Tribes, Inc. (Eastern Aleutian) that increased the rates charged by GCI after the competitive bidding period closed, in violation of FCC regulations. On or about January 23, 2020, Relator filed an amended complaint that added allegations that GCI caused rural health care providers to purchase unnecessarily high bandwidth and that GCI

understated the contributions it was required to pay to the Universal Service Fund as a telecommunications provider. On or about June 22, 2021, Relator filed a second amended complaint, adding allegations that GCI falsely claimed and received funds from the RHC Program based upon rural telecommunications rates GCI calculated in violation of FCC regulations and that GCI violated the FCC's Schools and Libraries Program (known as E-Rate) regulations requiring that telecommunications companies only charge the lowest corresponding price.

C. The United States contends that it has certain civil claims, as specified in this paragraph, against GCI for engaging in the following conduct in connection with GCI's provision of telecommunications services through the FCC's RHC Program:

(1) On or about April 10, 2015, GCI entered into a contract with Eastern Aleutian (also known as GCI Medical Services Agreement No. HC-426) that was agreed upon after the required competitive bidding process, in violation of FCC regulations, and which resulted in GCI and Eastern Aleutian agreeing upon inflated prices and rural rates. From April 10, 2015 through November 21, 2018, GCI submitted false claims to the FCC through the Universal Service Administrative Company (USAC), and caused Eastern Aleutian to submit false claims to the FCC through USAC, for inflated RHC Program disbursements. The FCC through USAC calculated RHC Program funding commitment amounts in reliance on GCI's and Eastern Aleutian's submissions. As a result of these submissions, the FCC made greater disbursements to GCI than the amounts to which it was otherwise entitled; and

(2) For Funding Years 2012 through 2016, GCI inflated its prices and rural rates contained or referenced in GCI's RHC Program bids, proposals, contracts, and invoices, in violation of FCC regulations regarding the determination of rural rates. As a result, from March 22, 2013 through January 22, 2020, GCI submitted false claims in connection with Funding Years 2012 through 2016 to the FCC through USAC, and also caused rural health care providers in Alaska to submit false claims to the FCC through USAC for Funding Years 2012 through 2016. The FCC through USAC calculated RHC Program funding commitment amounts in reliance on GCI's and the rural health care providers' submissions. As a result of these submissions, the FCC made greater disbursements to GCI than the amounts to which it was otherwise entitled.

The conduct described in this paragraph is referred to below as the Covered Conduct.

D. Contemporaneously herewith and as part of a global resolution among the Parties, GCI and the FCC have executed a Consent Decree (FCC Consent Decree).

E. This Settlement Agreement is neither an admission of liability by GCI nor a concession by the United States that its claims are not well founded.

F. Relator claims entitlement under 31 U.S.C. § 3730(d) to a share of the proceeds of this Settlement Agreement and to Relator's reasonable expenses, attorneys' fees and costs.

To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, and in consideration of the mutual promises and obligations of this Settlement Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. GCI shall pay to the United States the principal amount of \$40,242,546, plus simple interest of 1% per annum on the principal amount accruing from September 26, 2022, until payment is made (Settlement Amount), of which \$26,005,484 is restitution, by electronic funds transfer pursuant to written instructions to be provided by the Civil Division of the United States Department of Justice no later than fourteen (14) days after the Effective Date of this Agreement. The total Settlement Amount shall be offset by the \$26,005,484 GCI pays directly to the FCC's Universal Service Fund pursuant to the FCC Consent Decree. Further, GCI shall comply with the requirements of the FCC Consent Decree, including but not limited to the Compliance Agreement provisions contained in Appendix A to the FCC Consent Decree; the Compliance Agreement is incorporated herein by reference and attached hereto as Appendix 1.

2. Conditioned upon the United States receiving the total Settlement Amount and as soon as feasible after receipt, the United States shall pay \$6,438,807 to Relator by electronic funds transfer (Relator's Share).

3. Subject to the exceptions in Paragraph 5 (concerning reserved claims) below, and upon the United States' receipt of the Settlement Amount, plus interest due under Paragraph 1, the United States releases GCI from any civil or administrative monetary claim the United States has for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; or the common law theories of breach of contract, payment by mistake, unjust enrichment, and fraud.

4. Subject to the exceptions in Paragraph 5 below, and upon the United States' receipt of the Settlement Amount, and Relator's receipt of the amount of \$98,500 in statutory fees and costs pursuant to 31 U.S.C. § 3730(d), Relator, for himself and for his heirs, successors, attorneys, agents, and assigns, releases GCI from any civil monetary claim the Relator has on behalf of the United States under the False Claims Act, 31 U.S.C. §§ 3729-3733.

5. Notwithstanding the releases given in Paragraph 3 of this Agreement, or any other term of this Agreement, the following claims and rights of the United States are specifically reserved and are not released:

- a. Any liability arising under Title 26, U.S. Code (Internal Revenue Code);
- b. Any criminal liability;
- c. Except as explicitly stated in the Agreement, any administrative liability or enforcement right, or any administrative remedy, including the suspension and debarment rights of any federal agency;
- d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;
- e. Any liability based upon obligations created by this Agreement;
- f. Any liability of individuals;
- g. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;

- h. Any liability for failure to deliver goods or services due; and
- i. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct.

6. Relator and his heirs, successors, attorneys, agents, and assigns shall not object to this Agreement but agree and confirm that this Agreement is fair, adequate, and reasonable under all the circumstances, pursuant to 31 U.S.C. § 3730(c)(2)(B).

Conditioned upon Relator's receipt of the Relator's Share, Relator and his heirs, successors, attorneys, agents, and assigns fully and finally release, waive, and forever discharge the United States, its agencies, officers, agents, employees, and servants, from any claims arising from the filing of the Civil Action or under 31 U.S.C. § 3730, and from any claims to a share of the proceeds of this Agreement and/or the Civil Action.

7. Relator, for himself, and for his heirs, successors, attorneys, agents, and assigns, releases GCI, and its officers, agents, and employees, from any liability to Relator arising from the filing of the Civil Action, or under 31 U.S.C. § 3730(d) for expenses or attorneys' fees and costs, other than those fees and costs specifically referenced in Paragraph 4, above.

8. GCI waives and shall not assert any defenses GCI may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action.

9. GCI fully and finally releases the United States, its agencies, officers, agents, employees, and servants, from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that GCI has asserted, could have asserted, or may assert in the future against the United States, its agencies, officers, agents, employees, and servants, related to the Covered Conduct or the United States' investigation or prosecution thereof.

10. GCI fully and finally releases the Relator from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that GCI has asserted, could have asserted, or may assert in the future against the Relator, related to the Covered Conduct and the Relator's investigation and prosecution thereof.

11. a. Unallowable Costs Defined: All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47) incurred by or on behalf of GCI, and its present or former officers, directors, employees, shareholders, and agents in connection with:

- (1) the matters covered by this Agreement;
- (2) the United States' audit(s) and civil investigation(s) of the matters covered by this Agreement;
- (3) GCI's investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil and administrative investigation(s) in connection with the matters covered by this Agreement (including attorneys' fees);

- (4) the negotiation and performance of this Agreement and the FCC Consent Decree, including but not limited to GCI's performance of its duties under the Compliance Agreement provisions of the FCC Consent Decree; and
- (5) the payment GCI makes to the United States pursuant to this Agreement, the FCC Consent Decree, and any payments that GCI may make to Relator, including costs and attorney's fees,

are unallowable costs for government contracting purposes (hereinafter referred to as Unallowable Costs).

b. Future Treatment of Unallowable Costs: Unallowable Costs will be separately determined and accounted for by GCI, and GCI shall not charge such Unallowable Costs directly or indirectly to any contract with the United States.

c. Treatment of Unallowable Costs Previously Submitted for Payment: Within 90 days of the Effective Date of this Agreement, GCI shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by GCI or any of its subsidiaries or affiliates from the United States. GCI agrees that the United States, at a minimum, shall be entitled to recoup from GCI any overpayment plus applicable interest and penalties as a result of the inclusion of such Unallowable Costs on previously-submitted requests for payment. The United States, including the Department of Justice and/or the affected agencies, reserves its rights to audit, examine, or re-examine GCI's books and records and to disagree with any calculations submitted by GCI or any of its subsidiaries or

affiliates regarding any Unallowable Costs included in payments previously sought by GCI, or the effect of any such Unallowable Costs on the amount of such payments.

12. GCI agrees to cooperate fully and truthfully with the United States' investigation of individuals and entities not released in this Agreement. Upon reasonable notice, GCI shall encourage, and agrees not to impair, the cooperation of its directors, officers, and employees, and shall use its best efforts to make available, and encourage, the cooperation of former directors, officers, and employees for interviews and testimony, consistent with the rights and privileges of such individuals. GCI further agrees to furnish to the United States, upon request, complete and unredacted copies of all nonprivileged documents, reports, memoranda of interviews, and records in its possession, custody, or control concerning any investigation of the Covered Conduct that it has undertaken, or that has been performed by another on its behalf.

13. This Agreement is intended to be for the benefit of the Parties only.

14. Upon receipt of the Settlement Amount, above, the United States and Relator shall promptly sign and file in the Civil Action a Joint Stipulation of Dismissal of the Civil Action pursuant to Rule 41(a)(1) as follows:

(1) The Civil Action shall be dismissed with prejudice as to Relator;

(2) The Covered Conduct, as set forth above in this Agreement, against GCI shall be dismissed with prejudice as to the United States; and

(3) All other claims and causes of action, including any claims against Eastern Aleutian, shall be dismissed without prejudice to the United States.

15. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

16. Each Party and signatory to this Agreement represents that it freely and voluntarily enters into this Agreement without any degree of duress or compulsion.

17. This Agreement is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the Western District of Washington. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.

18. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.

19. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.

20. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.

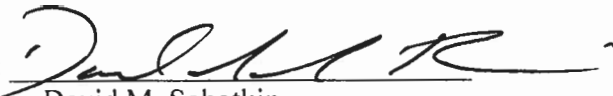
21. This Agreement is binding on GCI's successors, transferees, heirs, and assigns.

22. This Agreement is binding on Relator's successors, transferees, heirs, and assigns.

23. All Parties consent to the United States' disclosure of this Agreement, and information about this Agreement, to the public.

24. This Agreement is effective on the date of signature of the last signatory to the Agreement (Effective Date of this Agreement). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

THE UNITED STATES OF AMERICA

DATED: May 10, 2023 BY: 
David M. Sobotkin
Trial Attorney
Commercial Litigation Branch
Civil Division
United States Department of Justice

DATED: _____ BY: _____
Kayla C. Stahman
Assistant United States Attorney
U.S. Attorney's Office
Western District of Washington

FEDERAL COMMUNICATIONS COMMISSION

DATED: _____ BY: _____
P. Michele Ellison
General Counsel
Federal Communications Commission

24. This Agreement is effective on the date of signature of the last signatory to the Agreement (Effective Date of this Agreement). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

THE UNITED STATES OF AMERICA

DATED: _____ BY: _____

David M. Sobotkin
Trial Attorney
Commercial Litigation Branch
Civil Division
United States Department of Justice

DATED: May 10, 2023 BY: _____

CATHARINA
STAHMAN

Digitally signed by CATHARINA
STAHMAN
Date: 2023.05.10 07:50:11
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Kayla C. Stahman
Assistant United States Attorney
U.S. Attorney's Office
Western District of Washington

FEDERAL COMMUNICATIONS COMMISSION

DATED: _____ BY: _____

P. Michele Ellison
General Counsel
Federal Communications Commission

24. This Agreement is effective on the date of signature of the last signatory to the Agreement (Effective Date of this Agreement). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

THE UNITED STATES OF AMERICA

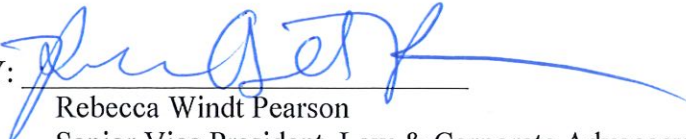
DATED: _____ BY: _____
David M. Sobotkin
Trial Attorney
Commercial Litigation Branch
Civil Division
United States Department of Justice

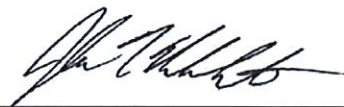
DATED: _____ BY: _____
Kayla C. Stahman
Assistant United States Attorney
U.S. Attorney's Office
Western District of Washington

FEDERAL COMMUNICATIONS COMMISSION

DATED: May 10, 2023 BY: *P. Michele Ellison*
P. Michele Ellison
General Counsel
Federal Communications Commission

GCI COMMUNICATIONS CORP. - DEFENDANT

DATED: 5/10/23 BY: 
Rebecca Windt Pearson
Senior Vice President, Law & Corporate Advocacy, and
General Counsel
GCI Communications Corp.

DATED: 5/10/2023 BY: 
John T. Nakahata
HWG LLP
Counsel for GCI Communications Corp.

ROBERT TAYLOR - RELATOR

DATED: _____ BY: _____
Robert Taylor

DATED: _____ BY: _____
Stephen A. Teller
Teller & Associates, PLLC
Counsel for Relator Robert Taylor

GCI COMMUNICATIONS CORP. - DEFENDANT

DATED: _____ BY: _____

Rebecca Windt Pearson
Senior Vice President, Law & Corporate Advocacy, and
General Counsel
GCI Communications Corp.

DATED: _____ BY: _____

John T. Nakahata
HWG LLP
Counsel for GCI Communications Corp.

ROBERT TAYLOR - RELATOR

DATED: 5/9/23 BY: 

Robert Taylor

DATED: 05/09/2023 BY: 

Stephen A. Teller
Teller & Associates, PLLC
Counsel for Relator Robert Taylor

APPENDIX 1

APPENDIX A

COMPLIANCE AGREEMENT FOR GCI COMMUNICATION CORP.

PREAMBLE: In accordance with the terms set forth in the Settlement Agreement and the Consent Decree (as defined herein), GCI Communication Corp. (GCI) agrees to the undertakings described in this Compliance Agreement, including reasonable steps to ensure that its future participation in the Rural Health Care Program complies fully with all Rural Health Care Program Rules.

1. Definitions.

For the purposes of this Compliance Agreement, the following definitions shall apply:

“Act” means the Communications Act of 1934, as amended.

“Commission” or “FCC” means the Federal Communications Commission and all of its bureaus and offices.

“Compliance Agreement” means this document, titled “Compliance Agreement for GCI Communication Corp.,” which is incorporated as Appendix A to the Consent Decree.

“Compliance Manual” means the Compliance Manual required by Section 5.

“Consent Decree” means the Consent Decree between GCI and EB, executed simultaneously with this agreement, to which this Compliance Agreement is attached and incorporated as Appendix A.

“Covered Personnel” or “Covered Person” means all employees and officers of GCI who perform, supervise, oversee, or otherwise conduct any activities that relate to GCI’s responsibilities under the RHC Program Rules, except for employees that solely perform activities involving network operations or maintenance or technical support. For purposes of Section 5 (Compliance Manual) and Section 6 (Compliance Training Program), Covered Personnel shall also include any personnel used by any Covered Third Party.

“Covered Third Party” or “Covered Third Parties” means any agent or independent contractor of GCI contracted to perform activities that relate to GCI’s responsibilities under the RHC Program Rules, including responses to Requests for Proposals, except for outside legal counsel and agents or independent contractors that solely perform activities involving network operations or maintenance, technical support, or data analytics.

“Days” shall mean calendar days (unless otherwise specified).

“EB” means the Enforcement Bureau of the Commission.

“Effective Date” means the effective date of the Consent Decree, to which this Compliance Agreement is attached and incorporated as Appendix A.

“GCI” or “Company” means GCI Communication Corp. and its successors in interest or assigns.

“GCI Compliance Plan” means the compliance plan required by Section 4.

“GCI Compliance Hotline” or “Compliance Hotline” shall mean the toll-free telephone number described in Section 4(b).

“OIG” means the Office of the Inspector General of the Commission.

“OGC” means the Office of General Counsel of the Commission.

“Operating Procedures” means the standard internal operating procedures and compliance policies established by GCI to implement the Compliance Agreement.

“Parties” means GCI and the FCC, each of which is a “Party.”

“RHC Program Rules” means Title 47, Code of Federal Regulations, sections 54.600-54.680, section 254 of the Act, as amended, and Commission orders related to the provision of service in the RHC Program.

“Settlement Agreement” means the Settlement Agreement entered into by the United States, acting through the U.S. Department of Justice, and GCI on May 10, 2023.

“USAC” means the Universal Service Administrative Company, which serves as the administrator for the federal Universal Service Fund.

“WCB” means the Wireline Competition Bureau of the Commission.

2. Term of Compliance Agreement.

- (a) The obligations set forth herein shall apply for a period of three years from the Effective Date or for such longer period as may be provided under this section. If GCI does not materially comply with this Compliance Agreement and all RHC Program Rules, as reasonably determined by the FCC, during any twelve (12) month period, the obligations set forth herein may be extended, in the discretion of the FCC, by an additional year. Further, such obligations shall continue (including during any extension period) until GCI has materially complied with this Compliance Agreement and all RHC Program Rules for one (1) consecutive twelve (12) month period, subject to the limitation set forth in subsection (b) of this section. A determination that GCI has complied with the obligations in this Compliance Agreement is not intended to and shall not constitute a determination that GCI has complied with any or all RHC Program Rules for any other purpose.
- (b) The obligations of this Compliance Agreement shall not remain in effect beyond the seventh anniversary from the Effective Date, except as otherwise provided under this subsection. If by such date, GCI has not materially complied with this Compliance Agreement and with all Rural Health Care Program Rules, as determined by the FCC, then GCI shall remain subject to the remedies provided for in Section 12, at the discretion of the FCC, and the parties may also renegotiate an extension of this Compliance Agreement to address any noncompliance by GCI, to the extent they deem such an extension to be appropriate or desirable.

3. Compliance Officer.

- (a) Within thirty (30) days after the Effective Date, GCI shall designate a senior corporate manager with the requisite corporate and organizational authority to serve as a Compliance Officer to discharge the duties set forth in this Compliance Agreement. The Compliance Officer must have knowledge of and experience with the RHC Program Rules prior to assuming his/her duties. The Compliance Officer shall report directly to the President, CEO, General Counsel, or Vice President of Ethics and Compliance of GCI, and shall not be, or be

directly or indirectly subordinate to, the Chief Financial Officer or Vice President of Operations, or have any responsibilities for legal counsel functions for GCI.

- (b) The Compliance Officer shall be responsible for, without limitation, implementing and administering this Compliance Agreement and ensuring that GCI complies with its terms and conditions (including taking corrective action as necessary). GCI shall ensure that Covered Third Parties will be subject to the Compliance Officer's oversight.
- (c) GCI shall provide the Compliance Officer with adequate staffing to support the Compliance Officer in fulfilling the Compliance Officer's responsibilities.
- (d) GCI shall provide written notice to the FCC of the identity of the initial Compliance Officer within ten (10) days of that appointment. Thereafter, GCI shall provide written notice to the FCC within ten (10) days of any changes in the identity of the Compliance Officer, or any actions that could adversely affect the Compliance Officer's ability to perform the Officer's duties under this Compliance Agreement.

4. GCI Compliance Plan and Compliance Hotline.

- (a) GCI agrees that it shall, within ninety (90) days after the Effective Date, develop and implement a compliance plan (GCI Compliance Plan) designed to ensure future compliance with the RHC Program Rules and containing the terms and conditions set forth herein. GCI shall provide copies of the GCI Compliance Plan and submit any revisions to the FCC in a monthly report. The GCI Compliance Plan shall expressly incorporate the requirements of this Compliance Agreement, including, without limitation, the operating procedures described in Section 5, the training required in Section 6, and the audits required by Section 10.
- (b) GCI Compliance Hotline: GCI shall maintain a compliance hotline (or establish one within thirty (30) days after the Effective Date if such a hotline does not exist on the Effective Date) to receive complaints and tips from the public, as well as from Covered Personnel, about potential fraudulent or other irregular activity associated with GCI's Rural Health Care Program participation. GCI shall publish the Compliance Hotline conspicuously on the first page of its website in a prominent location, and also affirmatively make enrolled customers aware of the Compliance Hotline and its purpose through other reasonably effective means. GCI shall also publish this Compliance Hotline in a prominent location in the Compliance Manual. The Compliance Hotline shall allow anonymous reporting. Complaints and tips received shall be promptly forwarded to the Compliance Officer and investigated.

5. Compliance Manual. Within ninety (90) days after the Effective Date, the Compliance Officer shall develop and, to the extent consistent with applicable law, distribute electronically or in hard copy a Compliance Manual to all Covered Personnel and Covered Third Parties. The Compliance Manual shall explain the RHC Program Rules, set forth the Operating Procedures that Covered Personnel and Covered Third Parties shall follow to help ensure GCI's compliance with the RHC Program Rules, and include the information described in subsection (b) of this section. The requirements of subsections (b)(i) and (b)(ii) of this section shall be applicable to all Covered Personnel, whether employed by Covered Third Parties or by GCI. The phone numbers for the GCI Compliance Hotline, the Commission's whistleblower hotline, and the USAC whistleblower hotline shall be displayed in a prominent location in the Compliance Manual. GCI shall periodically review and revise the Compliance Manual as necessary to ensure that its contents remain current and accurate. To the extent consistent with applicable law, GCI shall

distribute electronically any revisions to the Compliance Manual promptly to all Covered Personnel and Covered Third Parties.

- (a) Any agreements between GCI and Covered Third Parties shall contain provisions to ensure that the terms of this Compliance Agreement are satisfied. Any agreements between GCI and Covered Third Parties that are in effect on the Effective Date shall be modified to comply with this section.
 - (b) To the extent consistent with applicable law, GCI shall require that Covered Third Parties be subject to the following additional requirements, as to which GCI will exercise reasonable oversight, each of which shall be set forth in its agreements with those parties. All agreements between GCI and Covered Third Parties shall include the following terms:
 - (i) Covered Third Parties or their Covered Personnel who are suspected (based on credible evidence) of violating RHC Program Rules, failing to comply with the terms of the Company's Compliance Manual, or otherwise violating provisions of their agreements with GCI required by this Compliance Agreement shall be subject to immediate suspension or termination by GCI or by the Covered Third Party, as the case may be, pending investigation.
 - (ii) Covered Third Parties or their Covered Personnel who become aware of any known or suspected fraud or noncompliance with RHC Program Rules or other violations of their agreements with GCI required by this Compliance Agreement are required to promptly report such suspicions to the GCI Compliance Officer, GCI Compliance Hotline, the Commission's whistleblower hotline or to the USAC whistleblower hotline.
 - (iii) Each Covered Third Party shall ensure that any of their Covered Personnel, as well as any other sales personnel or their direct supervisors (whether acting as employees or agents or independent contractors of the Covered Third Party) that perform any activities relating to GCI's participation in the RHC Program, receive the training described in Section 6 and provide certifications verifying that training to the Compliance Officer within thirty (30) days after receipt of the training materials.
 - (iv) Each Covered Third Party shall make available to GCI, the Commission and USAC upon request access to all documents and records relating to its work for GCI as it pertains to the Rural Health Care Program, without requirement for GCI consent. Each Covered Third Party shall also cooperate with audit requests (formal or informal) by GCI, the Commission or USAC to verify compliance with its agreements with GCI pertaining to the Rural Health Care Program and with the RHC Program Rules.
6. Compliance Training Program. GCI shall establish and implement an electronic Compliance Training Program for Covered Personnel consistent with this section, which may be tailored to a Covered Personnel's role and responsibilities with respect to the RHC Program. Covered Personnel shall complete their Compliance Training within thirty (30) days after GCI adopts the Compliance Manual, but in no event more than one hundred twenty (120) days after the Effective Date. Any training completed within the 6 months prior to the date on which GCI adopts the Compliance Manual satisfies this requirement, provided that it meets the requirements below. Any employee who becomes a Covered Person after the initial Compliance Training Program is completed shall be trained within thirty (30) days. For those Covered Personnel who are employees or officers of Covered Third Parties (or their contractors, third party agents, or other individuals or entities working on their behalf), the training shall be substantially similar to that provided to GCI employees. Each Covered Person who has completed training shall complete a

standardized certification attesting to completion of the training. Covered Third Parties will relay such certifications to the Compliance Officer monthly.

- (a) The Compliance Training Program shall instruct all Covered Personnel about the RHC Program Rules, the Compliance Manual, and any additional requirements for Covered Personnel set forth under this Compliance Agreement. As part of the Compliance Training Program, Covered Personnel shall be advised of GCI's obligation to report under Section 8 of this Agreement any suspected, alleged, or known fraud or noncompliance with the RHC Program Rules or this Compliance Agreement. In addition, Covered Personnel and any others receiving the training shall be instructed on how to disclose such noncompliance to the GCI Compliance Officer. Training on the reporting procedures shall include the email and telephone number of the Compliance Officer, as well as numbers for providing that information anonymously to the GCI Compliance Hotline, the Commission's whistleblower hotline, and the USAC whistleblower hotline. The training package shall also emphasize the potential ramifications of failing to comply with RHC Program Rules. The training package shall explain that no person who submits reports or concerns about known, alleged, or suspected fraud or noncompliance shall be subject to any retaliation by GCI or Covered Third Parties, except that GCI may take any lawful personnel action in cases involving information that the person knew was inaccurate or false. GCI shall include a provision in every contract with any Covered Third Party barring any such retaliation.
- (b) GCI shall maintain a list of Covered Personnel, including the dates on which they began or ended service as Covered Personnel and the dates of any training. GCI shall provide to the FCC such information upon request. GCI and its Covered Third Parties shall repeat compliance training on an annual basis and provide the Commission with annual certifications from each Covered Person (or any other person for whom training is required by this agreement) certifying that each has received annual training pursuant to the Compliance Training Program. GCI shall periodically review and revise the Compliance Training Program for Covered Personnel as necessary to ensure that it remains current and complete and to enhance its effectiveness.

7. Fraud and Noncompliance Detection and Monitoring.

- (a) Within ninety (90) days after the appointment of the Compliance Officer, but in no event later than one hundred twenty (120) days after the Effective Date, GCI's Compliance Officer shall create procedures to investigate potential Rural Health Care Program fraud and noncompliance with the RHC Program Rules, and this Compliance Agreement. Among other activities, the Compliance Officer shall:
 - (i) Establish a program of periodic "spot checks" to ensure that Covered Third Parties are complying with all their obligations.
 - (ii) Investigate promptly potential fraud or other irregularities based upon customer complaints, complaints by Covered Third Parties, information obtained through the "spot checks," or any other credible information, including complaints to the GCI Compliance Hotline.
- (b) During the term of this Compliance Agreement, GCI will include in the annual compliance reports under Section 11(a) a section containing the following metrics:
 - (i) The number of investigations opened and the number of investigations closed during the annual reporting period;

- (ii) A list of Covered Personnel terminated by GCI (or by Covered Third Parties) during the annual reporting period for known, alleged, or suspected fraud or noncompliance, the nature of such fraud or noncompliance, and the amount or estimated amounts of Rural Health Care Program disbursements to GCI attributable to such fraud or noncompliance; and
 - (iii) The amount of Rural Health Care Program disbursements (and dates of such disbursements) returned to the Universal Service Fund by GCI attributable to known fraud or noncompliance with RHC Program Rules by Covered Personnel.
- 8. Reporting Suspected Fraud or Noncompliance. GCI shall provide prompt notification to the FCC (as specified in Section 16) of any known, alleged or suspected fraud or noncompliance with the RHC Program Rules or this Compliance Agreement, including, without limitation, any relating to competitive bidding, within thirty (30) days after their discovery. In complex cases that require additional investigation, GCI may seek up to an additional thirty (30) days, which shall not be unreasonably denied, to make such a report. Such notification shall set forth any actions taken by GCI in response to the known, alleged or suspected fraud or noncompliance, including any investigations or inquiries made and any personnel actions taken. Such reports shall further include a detailed explanation of: (i) each instance of known, alleged or suspected fraud or noncompliance and the steps that GCI has or will take to investigate or verify any suspicions or allegations of fraud or noncompliance; (ii) the steps that GCI has taken or will take to remedy any such noncompliance after it has been verified; (iii) the schedule on which such remedial actions will be taken; and (iv) the steps that GCI has taken or will take to prevent the recurrence of any such noncompliance.
- 9. FCC or USAC Compliance Audits. GCI acknowledges that the FCC or USAC, acting directly or through agents, may review or audit GCI's compliance with this Compliance Agreement, with the GCI Compliance Plan, and with RHC Program Rules. GCI shall cooperate with such review or audit by promptly complying with reasonable requests for information or documents (without the requirement of subpoenas except when necessary to protect or comply with requirements regarding third party proprietary or personally identifiable information), permitting reasonable inspection of physical premises and equipment, and making requested and relevant personnel available. GCI shall maintain records in accordance with the requirements herein in a manner that permits any auditor to evaluate compliance with this Compliance Agreement, the GCI Compliance Plan, and RHC Program Rules. Audit findings under this section are not subject to the reporting requirements under Section 8, unless or until such findings are final and non-appealable.
- 10. GCI Independent Audit Reports.
 - (a) For each year that this Compliance Agreement is in effect, GCI shall obtain an independent audit that evaluates its performance under this Compliance Agreement and with the Rural Health Care Program Rules. Except for the last year that this Compliance Agreement is in effect, these audits shall cover the preceding 12-month period, beginning with the 12 months following the Effective Date, and shall be completed no later than three (3) months after the end of the 12-month period being assessed. An Independent Audit Report shall be submitted to the FCC, together with the Annual Compliance Report required by Section 11 below, no later than four (4) months after the end of the 12-month period being assessed. During the last year, GCI shall obtain an independent close-out audit that covers the first nine (9) months of that year and shall be completed and submitted to the FCC, together with the Annual Compliance Report required by Section 11 below, no later than thirty (30) days before the end of the that year (unless some other date is mutually agreed upon by the Parties).

- (b) The auditing program established by GCI to fulfill its obligations under this Compliance Agreement shall be consistent with generally accepted government auditing standards (“GAGAS”), including the requirement that such audits be performed by an independent auditor. The audits should be designed to ensure that GCI is complying with the terms of this Compliance Agreement, the GCI Compliance Plan, and RHC Program Rules.

11. Annual Compliance Reports.

- (a) GCI shall prepare and file annual compliance reports (each an “Annual Compliance Report”) with the FCC. Each Annual Compliance Report shall be submitted with the Independent Audit Report, as discussed above, and shall cover the same time period as the Independent Audit Report. Beginning with the third year this Compliance Agreement is in effect, the Annual Compliance Report shall be submitted thirty (30) days before the anniversary of the Effective Date and shall cover as much of the 12-month period prior to the anniversary of the Effective Date as is reasonably possible.
- (b) Each Annual Compliance Report shall include a reasonably detailed description of GCI’s efforts during the relevant period to comply with the terms and conditions of this Agreement. In addition, each Annual Compliance Report shall include a certification by the Compliance Officer, on behalf of GCI, stating that the Compliance Officer has personal knowledge that GCI: (1) has established and implemented the GCI Compliance Plan; and (2) is not aware of any instances of any suspected, alleged, or known fraud or noncompliance with the RHC Program Rules or this Compliance Agreement, including, without limitation, any relating to competitive bidding, except for those reported pursuant to the requirements under Section 8.
- (c) Each Annual Compliance Report shall include a detailed description of any items identified in Section 7; any overpayments made to GCI during the previous year from the RHC Program; customer complaints; and any ongoing Rural Health Care Program related investigations, legal proceedings and inquiries by state or regulatory agencies. The Report shall also contain a section that includes the metrics required by Section 7(b).
- (d) If the Compliance Officer cannot provide the requisite certification, the Compliance Officer, as an agent of and on behalf of GCI, shall provide the Commission with a detailed explanation of the reason(s) why and describe fully: (1) each instance of such unreported noncompliance as described in subsection (b)(2) of this section; (2) the steps that GCI has taken or will take to remedy such noncompliance, including the schedule on which proposed remedial actions will be taken; and (3) the steps that GCI has taken or will take to prevent the recurrence of any such noncompliance, including the schedule on which such preventive action will be taken.
- (e) Each Annual Compliance Report shall include a headcount of Covered Personnel.
- (f) In each Annual Compliance Report, the signatories shall certify that before submitting the Report, they reviewed and took into consideration the Independent Audit Report that covers the same time period.
- (g) Each Annual Compliance Report shall include certifications by the Compliance Officer that all required oversight, training, education, reporting and other compliance activities were undertaken in accordance with the requirements of this Compliance Agreement and the GCI Compliance Plan. In the alternative, the Report shall identify any provision of this Compliance Agreement and of the GCI Compliance Plan with which GCI did not comply

during the applicable time period and describe any such noncompliance. The Report shall also explain the steps taken, and/or those that will be taken (with a timeline specifying when GCI will take them), to correct any noncompliance, to cure any violation, and to ensure future compliance.

- (h) The Commission, USAC, and the OIG may each provide comments to GCI's Compliance Officer and its counsel. To the extent feasible, such comments will be provided within sixty (60) days of each submitted Annual Compliance Report. Each entity may request GCI's counsel to arrange a conference with the Compliance Officer to discuss the details of each annual report.

12. Remedies for Noncompliance.

- (a) General Provision: The FCC reserves its right to pursue violations of the terms of this Compliance Agreement and of the RHC Program Rules consistent with its authority under the Act. GCI acknowledges and agrees that if GCI fails to materially comply with any provision of this Compliance Agreement, the FCC may treat such noncompliance in the same manner as the failure to comply with a rule promulgated by the Commission, as well as avail itself of such other remedies as may be set forth in this section. Any action taken under this section is without prejudice to the FCC's application of administrative remedies pursuant to the Act, as reserved by this subsection.
- (b) Suspension of Funding: To ensure the continued integrity of the Universal Service Fund, GCI acknowledges and agrees that if it fails to materially comply with any provision of this Compliance Agreement, USAC may exercise its authority to suspend action on processing RHC Program funding requests and withhold payment until GCI demonstrates to the satisfaction of the FCC and USAC that it has remedied such noncompliance. USAC may act under this subsection only upon the direction of the FCC. USAC shall provide thirty (30) days' notice to GCI, with a period to cure of no less than thirty (30) days, of any actions taken under this subsection and the grounds therefor. Suspension of funding shall not result in a default by GCI on its payment obligations under the Consent Decree, but shall extend the payment period by a corresponding amount of time. Any action taken under this subsection is without prejudice to the FCC's application of administrative remedies pursuant to the Act.
- (i) If the FCC determines that GCI has failed to materially comply with any provision of this Compliance Agreement (other than a violation of Rural Health Care Program Rules), the FCC will inform GCI of such determination and may, in its sole discretion, direct USAC to suspend processing of GCI's funding requests and withhold payments as provided in this subsection (b). Alternatively, the FCC may, in its sole discretion, postpone such suspension of the processing of GCI's funding requests and the withholding of payments for a period of time and under such terms as the FCC may specify, except in those cases involving deadlines imposed by this Compliance Agreement, which instead shall be subject to the provisions of paragraph (ii) of this subsection. If the FCC postpones the suspension of the processing of GCI's funding requests and the withholding of payments of funding as permitted under the preceding sentence, and if GCI does not meet the terms of such postponement to the satisfaction of the FCC, the FCC may, in its sole discretion, direct USAC to immediately suspend processing of GCI's funding requests and withhold payments of funding commitments as provided in this subsection.
- (ii) GCI may seek extensions of any deadline imposed by this Compliance Agreement by notification in writing to the FCC, to be received by the FCC at least five (5) business days before the deadline date (including an explanation of the reason for the requested

extension). Such an extension request may be granted or not in the sole discretion of the FCC. If the FCC denies the extension request, or if GCI fails to meet any extended deadline, then the FCC may, in its sole discretion, upon the failure of GCI to meet its deadline, direct USAC to suspend processing of GCI's funding requests and withhold payments of funding commitments as provided in this subsection (b).

- (iii) If a suspension of funding occurs due to material noncompliance with the terms of this Compliance Agreement (other than a violation of Rural Health Care Program Rules), GCI may appeal such suspension by filing an appeal with WCB within thirty (30) days. For purposes of this subsection, the computation of time shall be as set forth in 47 CFR § 1.4 and the procedures in 47 CFR §§ 54.721 and 54.722 shall be applicable to such appeals. The decision of the WCB may thereafter be appealed to the full Commission. If the Commission affirms any suspension of funding, GCI agrees that any such determination and the resulting denial of any payments in connection with such suspension shall not be subject to further administrative appeal at USAC or the FCC.
- (iv) If the Commission affirms any suspension of funding under paragraph (iii) of this subsection, or if a suspension of funding is imposed under this subsection (b) that is not appealed, GCI agrees to withdraw, relinquish, cancel, or restate any funding requests, as the case may be, consistent with any final orders of the FCC (or WCB, if no appeal is made to the full Commission) to the extent permissible under applicable RHC Program Rules, or, if cancellation is not viable, due to previous payments made under the transactions involved, to reduce any existing USAC funding commitments or repay any disbursements to the extent ordered by the FCC or USAC.

13. Violation of RHC Program Rules. If there is noncompliance with RHC Program Rules, USAC shall take action pursuant to its normal processing procedures, in accordance with FCC rules and orders and USAC procedures. Any such actions taken by USAC may be appealed as provided by applicable Universal Service Program rules, including those set forth in 47 CFR §§ 54.719 through 54.722.
14. Document and Record Retention. GCI shall maintain for inspection all documents and records necessary to support reimbursement claims from the Rural Health Care Program and to demonstrate compliance with this Compliance Agreement, in accordance with the Commission's record retention policy and RHC Program Rules.
15. Amendments. This Compliance Agreement may be amended only by written agreement duly executed by all the parties to this Compliance Agreement.
16. Notifications and Submissions of Reports and Compliance Documents. All notices, reports, disclosures or other communications required by this Compliance Agreement shall be in writing and sent via E-mail. Such notices, reports, disclosures or other communications shall be deemed to have been duly given on the day of transmission of the E-mail. Notifications required to be made to the FCC shall be made to the OIG, OGC, and EB. In addition to E-mail notifications, GCI shall provide hard copies of each Annual Compliance Report (as described in Section 11) to each of the individuals listed below. Notifications shall be made as follows:

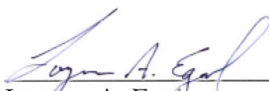
If to OGC:
General Counsel (or designee)
Federal Communications Commission
45 L Street, NE
Washington, DC 20554

Email address of designee: Paula.Silberthau@fcc.gov; and
Jim.Bird@fcc.gov

If to EB:
Enforcement Bureau Chief (or designee)
Federal Communications Commission
45 L Street, NE
Washington, DC 20554
Email address of designee: Rakesh.Patel@fcc.gov; and
Meghan.Ingrisano@fcc.gov

If to OIG:
Inspector General (or designee)
Office of Inspector General
Federal Communications Commission
45 L Street, NE
Washington, DC 20554
Email address of designee: Eric.Phelps@fcc.gov; and
Sharon.Diskin@fcc.gov


17. This agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.



Loyaan A. Egan
Chief, Enforcement Bureau
Federal Communications Commission

5/10/2023

Date



Rebecca Windt Pearson
Senior Vice President, Law and Corporate Advocacy, and General Counsel
GCI Communication Corp.

5/10/23

Date