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**DEAR CWA & IBEW MEMBERS,**

**We decided to take action: The IRREGULATORS have until April 12th, 2019 to raise funds to appeal a recent FCC decision that tries to bury one of the largest accounting scandals in American history. It is directly tied to the AT&T, Verizon and Centurylink state-based utilities.**

**Click to Read the Details, Donate, Get Pissed.** <http://irregulators.org/irregulatorsvsfcc/>

We believe we have standing and have been working on this for years. We are now raising money and looking for partners to appeal an FCC decision, probably one of the most bizarre cases you ever heard of, and to take proactive actions—now.

Unbelievably, the FCC ‘froze’ the cost accounting rules that are supposed to divide up the expenses of the different lines of business that use the state-based telecommunications infrastructure – the state-based utilities-- to reflect the year 2000 –19 years ago.

Instead, we, America, were played. AT&T, Verizon and Centurylink figured out that they could use these FCC rules, which no one has a clue exists, to put the majority of all expenses into the basic copper-wired service and it made the entire wired telecommunications networks in America to appear to be unprofitable. AT&T, Verizon and Centurylink used this to raise rates multiple times, not upgrade most of their territories, especially rural areas, (which created the Digital Divide), and is now being used to ‘shut off the copper’ and force-march customers onto wireless – because it makes them more money. The new shiny-tech bauble, 5G Wireless, is not profitable once these financial shenanigans are fixed.

Most people don’t know that there are still state utilities, like Verizon NY or MA or AT&T California. Moreover, no one knows that these utilities are not just the copper wires but are all wires within the state; copper and fiber. And this scheme diverted billions of the the construction budgets per state to pay for FiOS, the fiber to the home service, or AT&T’s U-Verse, as well as the wires used for the wireless networks, even the special access wires, known as “back haul”.

In December 2018, the FCC extended this freeze for 6 more years. And unbelievably, for 19 years, 2000-2019, the FCC never audited the books or examined massive cross-subsidy scheme. And what is most surprising is – this has been going on for almost 2 decades and it has been completely under the radar.

CWA and IBEW have felt the impacts -- massive job losses. AT&T et al. claimed it wasn’t profitable to upgrade the ‘state utility’ and got out of obligations. Cities weren’t upgraded and they let the wired networks deteriorate. And now the plan is to use the construction budgets for wireless—because it makes them more money and it is mostly non-union so they will start moving contractors to finish the work. At the same time, this

FCC has been on a course to shut off the copper, and dismantle the utilities, handing over to the wireless company as private property for private use.

**Help us get the word out. Donate so we can file this appeal and continue to fight this. Get cities and your customers to understand what's coming and how it impacts them.**

There are multiple things that need to be done—and there are things that the unions should do, as all of this has impacted and will continue to harm the CWA and IBEW members.

We know where the skeletons are buried and we MUST appeal the FCC's plans, as it impacts every AT&T, Verizon and Centurylink state.

**First, we have hard-core, irrefutable evidence:**

- The Verizon NY 2017 Annual Report was published June 2018 – and supplies the full financials of the state-based telecommunications utility.
- In July 2018 there was settlement of Verizon NY with the NY Public Service Commission which ends an investigation that started in 2015. Estimated at \$300-500 million, and based in part on our work, Verizon NY is required to upgrade 32,000 lines to fiber optics and maintain the existing copper networks.

**Second ---What We Found in New York is Obscene -- Billions in Cross-Subsidies, Tax Dodging and Customer Overcharging.**

- From 2005-2017, Local phone customers were overcharged over \$2,500.00 per line due to rate increases using artificial losses and cross-subsidized expenses.
- Verizon Wireless had billions of dollars put into the utility construction budgets to do the fiber to the cell sites. From 2010-2012, Verizon Wireless appears to have underpaid Verizon New York \$2.8 billion for construction.
- Verizon NY Local Service was charged \$1.8 billion, 62% of the total for Corporate Operations expense, in just 2017 due the freeze. This is the corporate jets, executive pay and lawyers.
- Verizon New York shows losses of over \$2 billion a year for almost a decade, with billions in tax benefits.

**Third, This Happened in Every State.** NY is the only state that still requires a full annual report that we know of. The FCC, in order to hide these financial maneuvers, stopping publishing any data in 2007, but all of these manipulations are federal and match Verizon NY.

**Fourth, 5G Is a Bait and Switch.** This is just another play to remove all regulations, preempt state laws and charge more money. Anyone who thinks that these companies are going to put in fiber optics for a small cell wireless service, with a range of 1-2 feet – is

delusional. Moreover, in-region, it appears that these wires are being cross-subsidized and charged to local phone customers via the utility construction budgets.

**Fifth, If We Stop the Cross-Subsidies, the Money Can be used to Help Cities and Customers – and the Unions.** The Freeze has harmed every aspect of communications and this and related cases will hopefully slow down and even reverse the FCC decisions – and lower prices for customers.

**We believe that we are at the tipping point of the end game.** We have found structural flaws in the FCC's decisions; the FCC left out everything dealing with state-based issues. They don't even acknowledge that there are state-based utilities, and the FCC never examined how their own rules were harming the America.

If the IRREGULATORS don't take this appeal now, and expose the corruption of the accounting now – i.e., it made the AT&T, Verizon and Cenurylink utilities artificially unprofitable for public policies, it will be harder to reverse the FCC's decisions.

**The IRREGULATORS** is an independent consortium of senior telecom experts, analysts, forensic auditors, and lawyers who are former staffers from the FCC, state advocate and Attorneys General Office, as well as telecom auditors and consultants.

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