

FCC officials owned stock in Comcast, Charter, AT&T, and Verizon, watchdog says

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The Federal Communications Commission should be investigated for letting employees own stock in Comcast, Charter, AT&T, and Verizon, nonprofit watchdog group Campaign Legal Center told government officials.

“Federal law specifically bans FCC employees from owning ‘any stocks, bonds, or other securities of [any company] significantly regulated by the Commission,’” the nonprofit group said last week in a letter and detailed report sent to FCC Acting Inspector General Sharon Diskin. “Despite this ban, the most recent financial disclosures publicly available show that ethics officials allowed multiple FCC employees to own stock in telecommunications and other companies that appear to fall under the prohibition.”

The letter, sent by Campaign Legal Center General Counsel Kedric Payne and two other lawyers at the group, urged the FCC Office of Inspector General (OIG) to “investigate whether the FCC’s ethics officials took appropriate action to enforce the ethics laws... The ethics officials responsible for enforcement must explain to OIG and the public why they allowed employees

to hold stocks in FCC licensed telecommunications and computer companies in apparent violation of the law.”

Citing the most recent financial disclosure reports, which cover the Chairman Ajit Pai-era years of 2018 and 2019, the Campaign Legal Center report said FCC official Rosemary Harold owned Comcast stock with a value between \$3,003 and \$45,000. Harold was the FCC Enforcement Bureau chief during that time and is now a deputy chief with the FCC Media Bureau. The report also said former FCC official Lisa Hone, then a deputy bureau chief, owned Charter Communications stock worth between \$4,004 and \$60,000.

Hone and former FCC Chief Information Security Officer Andrea Simpson owned AT&T stock, with the two employees’ AT&T holdings adding up to somewhere between \$2,203 and \$31,001, the report said. Harold and former Chief Technology Officer Eric Burger reportedly owned Verizon stock with a combined value between \$7,007 and \$105,000. The wide stock value ranges are a result of how employee stock holdings are reported in financial disclosure forms.

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Carriers got away with false reports in 2019

The FCC has a shaky track record when it comes to punishing Internet providers. In December 2019, the FCC decided not to punish Verizon, T-Mobile, and US Cellular for exaggerating their 4G coverage in official government filings despite FCC staff writing that overstatement of “mobile broadband coverage misleads the public and can misallocate our limited universal service funds, and thus it must be met with meaningful consequences.”

While the FCC chair and commissioners make the biggest policy

decisions, FCC staff are responsible for investigations and play a big role in enforcement.

Our recent reporting shows that Comcast and other ISPs submitted false coverage data to the FCC's new and improved broadband map system. Comcast initially insisted the false data was accurate even after residents filed challenges at addresses where it was impossible to order Comcast Internet service. Even though Comcast didn't admit mistakes until our reporting, an FCC spokesperson told us the challenge process was working as designed.

The FCC has said there are "multiple ongoing" investigations into data submitted by ISPs, but it isn't clear whether Comcast or other providers will be punished for the false reports.

The FCC's most prominent regulatory role is in telecom, but the Campaign Legal Center also raised concerns about FCC employees owning stock in Dell, Garmin, HP, IBM, and Sony. "The FCC's laws and regulations indicate that the above-listed stocks held by FCC officials fall into two categories covered under the stock ownership ban: telecommunications companies and FCC-licensed computer companies," the report said.

The group said it appears that all nine stocks "were held by FCC officials in violation of the Communications Act. If the FCC ethics officials issued a waiver or determined that the clear language of the regulations do not apply to the stocks, such waivers or legal analyses should be made public to help restore confidence in the ethics program of the agency." The FCC chair and ethics officials are required to enforce the laws related to employee stock ownership, the group's report said.

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