

WTF SPRINT SUIT?

As a number of outlets have reported, the government is suing Sprint for \$63 million under the False Claims Act, claiming the telecom overbilled federal law enforcement agencies by charging for its CALEA modification costs in its wiretap charges.

On May 12, 2006, the Federal Communications Commission (FCC) resolved a dispute between law enforcement agencies and telecommunications carriers, and ruled that carriers were prohibited from using their intercept charges to recover the costs of modifying equipment, facilities or services that were incurred to comply with CALEA.

[snip]

Despite the FCC's clear and unambiguous ruling, Sprint knowingly included in its intercept charges the costs of financing modifications to equipment, facilities, and services installed to comply with CALEA. Because Sprint's invoices for intercept charges did not identify the particular expenses for which it sought reimbursement, federal law enforcement agencies were unable to detect that Sprint was requesting reimbursement of these unallowable costs.

By including the unallowable costs of financing CALEA modifications in their intercept charges, Sprint inflated its charges by approximately 58%. As a result of Sprint's false claims, the United States paid over \$21 million in unallowable costs from January 1, 2007 to July 31, 2010.

Now, maybe this is just what it appears. Maybe this really is just about Sprint charging for CALEA changes they weren't permitted to. The

LEAs lay out

But I can't help but wonder whether something else is going on.

Consider, for example, that the CALEA settlement was signed on May 12, 2006, just 12 days before the phone dragnet started. As I've noted, the first two phone dragnet orders compensated providers for charges incurred (which is not provided for in the Section 215 statute). And the period during which Sprint allegedly overcharged the government – 2007 to 2010 – is solidly in the middle of the dragnet.

In any case, in the middle of the biggest debate on surveillance in some time, DOJ is calling more attention to it. And DOJ wants a jury trial for this.