



New York City Comptroller
John C. Liu

NEWS RELEASE

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**LIU: VERIZON TO PAY ADDITIONAL \$1.4M IN FEES;
AUDIT UNCOVERED UNREPORTED REVENUES**

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NEW YORK, N.Y. – Comptroller John C. Liu today announced the results of a new audit which found that Verizon had significantly underreported revenue as required by its cable franchise agreement with the City and underpaid fees owed to the City. Verizon has agreed to pay the City \$1.41 million in additional franchise fees.

“Franchise agreements with the City must be enforced both to deliver quality service to our residents and to ensure that City taxpayers are getting their fair share of revenues from these franchises,” Comptroller Liu said. “Our audit spells out why Verizon owes the City \$1.41 million in franchise fees, and I’m pleased that Verizon has agreed to pay up.”

Verizon is required to pay New York City a franchise fee of 5 percent of gross revenue as part of its agreement to deliver cable service throughout the City. The 12-year non-exclusive agreement, via the Department of Information Technology and Telecommunications (DoITT), began in 2008.

This audit by the Comptroller’s office found that from July 2008 to June 2013, Verizon understated advertising revenue on the quarterly reports that it submits to the City by approximately \$28.2 million, resulting in underpayment of \$1.41 million in franchise fees owed to the City.

Specifically, the audit found that Verizon understated \$17.1 million in advertising commissions that should have been included in gross revenue and did not report \$11.1 million in foregone revenue from the value of advertising retained for its own use.

The audit called on Verizon to immediately pay the \$1.41 million it owes the City, report all revenue as required by its franchise agreement, track the value of its own advertising, and provide DoITT with access to all necessary records. DoITT agreed with the audit’s findings and said it would ensure that Verizon accurately reports its revenue and complies with its franchise agreement.

Verizon disagreed with the audit's findings, yet has agreed to pay the City the full \$1.41 million. This payment is in addition to the recent \$60 million settlement between Verizon and the City for cost overruns caused by the company's delays on the Emergency Communications Transformation Program project.

Comptroller Liu credited Deputy Comptroller for Audit Tina Kim and the Audit Bureau staff for presenting the findings.

Background:

Mayor Bloomberg, Comptroller Liu Announce \$60 Million Settlement Agreement With Verizon, Nov. 14, 2013: <http://comptroller.nyc.gov/newsroom/bloomberg-liu-announce-60-million-settlement-agreement-with-verizon/>

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