

U.S. Sues Sprint over Company's Wiretap Expenses

Paul Elias, Associated Press

SAN FRANCISCO (AP) — Federal officials filed a lawsuit Monday alleging that Sprint Communications Inc. overbilled government agencies \$21 million for wiretap services.

The lawsuit filed federal court in San Francisco alleges that that subsidiary of Sprint Corp. collected unallowable expenses from the FBI, U.S. Bureau of Alcohol, Tobacco and Firearms and other government agencies while carrying out court-ordered wiretaps and other electronic intercepts of its customers.

Communication companies ordered by courts to intercept customers' communications are allowed to recoup the cost of installing and maintaining the wiretaps.

The lawsuit arises from a dispute between communication companies and the federal government over the expense of installing and maintaining wiretaps. In 1994, lawmakers passed a law requiring communication companies to upgrade their equipment and facilities to ensure they can comply with court orders seeking wiretaps of their customers.

The companies and government tussled for 12 years over who was responsible for those expenses. The Federal Communications Commission settled the dispute in 2006 in favor of the government, ruling that companies can't bill for modifying its equipment and facilities to more efficiently intercept communications.

The Department of Justice claims in its lawsuit that Sprint received payments for such modifications between Jan. 1, 2007, and July 31, 2010.

The DOJ is seeking \$63 million, a tripling of its damages it said it's entitled to if a jury finds Sprint filed false claims.

A Sprint spokesman said the company denies the allegations.

"Under the law, the government is required to reimburse Sprint for its reasonable costs incurred when assisting law enforcement agencies with electronic surveillance," Sprint spokesman John Taylor said. "The invoices Sprint has submitted to the government fully comply with the law. We have fully cooperated with this investigation and intend to defend this matter vigorously."

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