

To: Virginia Department of Housing and Community Development, VATI Broadband Office

CC: National Telecommunications and Information Administration (NTIA) – BEAD Program

CC: U.S. Government Waste, Fraud, and Abuse Hotline

CC: Commonwealth of Virginia Office of the State Inspector General

CC: Brendan Carr, FCC Chairman

Subject: Urgent Request for Investigation and Immediate Suspension of Grants to All Points Broadband AKA Virginia Everywhere LLC

To Whom It May Concern,

**Disclaimer:**

*The information and allegations contained in this letter are based on my personal and professional experience, publicly available sources, and direct communications with relevant parties. While I have made every effort to ensure accuracy, I am not a government investigator or attorney. I respectfully request that all claims and supporting evidence be independently reviewed and verified by appropriate authorities. I stand by to answer questions on the issues raised, provide additional supporting data, and provide connections to multiple ISPs in Virginia who have similar observations and concerns.*

My name is Alex Phillips, owner of Rural Broadband Network Services, LLC (RBNS). I have worked to provide broadband to rural Virginia since 2001, serving in leadership roles such as founding member of the Virginia ISP Alliance, President of WISPA, and on the FCC Consumer Advocacy Committee. I am writing to report a coordinated and deliberate scheme by All Points Broadband (APBB), the Broadband Department at the Virginia Department of Housing and Community Development (DHCD), select Page County officials, and the Shenandoah Valley Electric Cooperative (SVEC) to suppress competition, mislead state and federal programs, and direct public broadband funding to APBB at the expense of local providers and rural Virginians. My concerns are bolstered by second-hand knowledge from other ISPs indicating Officials of nearby Counties and other Virginia power utility companies operating similarly.

This letter outlines what appears to be a coordinated effort—potentially rising to the level of a conspiracy—among All Points Broadband (APBB), state and county officials, and the Virginia Department of Housing and Community Development (DHCD) to manipulate broadband grant processes for their own benefit. The facts described here suggest these parties may be acting in concert, using their positions to exclude competition, misdirect public funds, and shield APBB from accountability. This pattern of conduct raises serious concerns about anti-competitive behavior, conflicts of interest, and even possible racketeering. I urge a thorough investigation to ensure accountability, transparency, and that Virginia's broadband expansion truly serves the public interest.

Prior to the 2022 ARPA Grants, APBB orchestrated an exclusive retreat for county and state stakeholders, attended by key DHCD officials and featuring former FCC Chairman Ajit Pai as a keynote speaker. This closed-door event further solidified APBB's privileged access to decision-makers, while excluding local providers from meaningful participation. Notably, after leaving the FCC, Mr. Pai joined the investment group that provided significant funding for APBB's VATI and ARPA applications. This revolving-door relationship highlights the significant connections APBB leveraged to influence broadband policy and secure public funding, raising further concerns about conflicts of interest and transparency in the grant process. Stakeholders later signed agreements with APBB prohibiting these stakeholders from even obtaining consulting or other proposals, even before an actual agreed proposal was finalized with the state.

[PC: I am confident one of the Rappahannock Supervisors complained of a non-disclosure agreement preventing him from talking with outside experts but I can't find the article now despite lots of searching. ]

APBB has been awarded more than \$330 million in public broadband grants and claims to have leveraged another \$200 million in private investment, promising to serve at least 91,000 addresses across Virginia. Projects like the \$95.3 million Northern Shenandoah Valley Regional Project with APBB promising universal service. Yet, years later, thousands of rural homes remain unserved, and a significant portion of these funds remains at risk. APBB is now on track to receive additional funds from the BEAD Program in an attempt to shore up gaps in their previous VATI/ARPA funding, many of which remain significantly incomplete.

From the outset, APBB's goal has been to secure exclusive access to public grant funding by shutting out any real competition. APBB used its influence with DHCD to set the rules for ARPA and VATI funds such that counties could only consider APBB's proposals. This was done by VATI, requiring a letter of support from the County where funds would be deployed. While this sounds reasonable at first, given local officials would know their county best, in practice each County had already come to agreement with APBB to only support APBB and in some cases, such as Rappahannock County, had signed a non-disclosure agreement preventing the County from speaking with other bidders, providers, or even consulting with technical experts for advice. County officials were informally told their support of multiple providers would jeopardize the chances of their county receiving Federal money. Local providers like RBNS, who were ready to commit significant matching funds and had a proven record of rural service, were blocked from even offering proposals to counties like Page. County officials told me directly that they were not allowed to review or accept proposals from anyone other than APBB. These rules, created and enforced with DHCD's support, created a de facto one-bidder competition which ensured APBB alone could win major broadband awards while excluding more capable and cost-effective local alternatives who hadn't previously secured backdoor endorsements from each County. This was further compounded by the fact that DHCD used the VATI program as the delivery vehicle for the ARPA funds but did not follow the rules set by the VATI program. They cherry-picked a combination of VATI and ARPA rules allowing the funding of projects that overbuilt existing providers in areas designated as served by the VATI rules.

APBB and DHCD took this exclusive relationship with the stakeholders even further by padding their recent grant applications with "new" addresses for the current BEAD funding cycle— a

large number of these “new” addresses are obviously bad. A large number are not real homes; they are condemned buildings, vacant lots, or properties without electricity or residents. “*Many of the Bead sites near me are sheds without power!*” Local VA ISP. There are also many new Bead locations awarded to Virginia Anywhere in the middle of high-density towns or subdivisions already fully covered with cable TV-based Internet, and some with fiber-based Internet. While such observations are anecdotal, there is a significant number of these new ghost addresses to call the entire dataset into question. Even a cursory review of these addresses would immediately be questioned by anyone looking at aerial photos. VATI is either not doing their job vetting this data or purposely overlooking this waste of taxpayer money. It must be emphasized that much of the information exposing these issues was available to anyone paying attention. Missed deadlines, inflated address claims, utility denials of “in-kind” support, and the lack of real broadband buildout were all matters of public record, open source reporting, or directly documented in correspondence. DHCD could not have missed these facts. Their willingness to ignore what was obvious and verifiable to the public is further evidence that DHCD was not simply negligent but actively complicit in supporting APBB’s scheme and shutting out legitimate local providers. The manipulation diverts millions in funding away from real rural homes that still lack broadband and distorts coverage data to create the illusion of progress. If the data is obviously bad in just the local areas where I have firsthand knowledge, the odds are high that the data is bad everywhere too. The program must be halted while the data is reviewed, validated, and cleaned.

The desire to get free Federal money for the good of the State is not a justification for DHCD to allow and even actively facilitate these anti-competitive practices. The department set up and enforced rules that allowed only APBB’s technical input and blocked any outside consulting or alternative proposals. DHCD repeatedly approved APBB’s build-outs in areas the state’s own records showed were already served, compounding waste and shutting down fair competition. Meanwhile, APBB further cemented its position by hosting exclusive retreats and closed-door meetings for DHCD and county officials, including events featuring former FCC Chairman Ajit Pai, tightening its privileged access and control over the process. All of the APBB deadlines have expired and are grossly incomplete. VATI’s own dashboard shows that 5+ years after the award, the eight-county area of Augusta, Clarke, Fauquier, Frederick, Page, Rappahannock, Rockingham, and Warren has only 6% of the fiber mileage installed and ZERO locations connected. The one-year extension means APBB has to install 14 miles of fiber per day and connect 160 homes per day. After 5 years, averaging 1 mile per week, and no customers connected, how can this possibly be completed on even the extended timeline? More importantly, why reward this level of incompetence with more money?

The real-world result is that rural Virginians are still waiting for broadband, years after APBB’s promises and public funding. The repeated promises of “fiber to everyone” has a chilling effect on competition; distracting potential customers, discouraging new providers from entering this market, and making funding for alternative projects more difficult to secure. Local providers, who could have delivered reliable service faster and at lower cost, were systematically sidelined. Other providers across Virginia have seen the same pattern: if you object or try to compete, you risk exclusion, threats, and financial retaliation from officials aligned with APBB.

SVEC , APBB’s Partner, played a key role in this scheme by delaying and obstructing RBNS’s access to a critical tower site needed for our CARES Act-funded project in Page County. This

tower was essential for connecting unserved areas and was part of the same corridor APBB targeted for future grants. SVEC's obstruction kept the area officially "unserved," preserving APBB's eligibility for additional funding. At the same time, SVEC imposed unreasonable demands on RBNS, and once all of the demands were satisfied, SVEC further delayed by not giving RBNS approval to access the tower, giving Page County officials an excuse to threaten RBNS with the claw back of CARES Act funds, further pressuring our company out of the market. When RBNS had no choice but to cancel the lease agreement, SVEC would not return the deposit made unless RBNS agreed to an NDA so as to not discuss the matter.

During this period, Page County officials approached me and said that, if I stopped objecting publicly to APBB's ARPA application and projects, the county would stop threatening to claw back RBNS's grant funding. I was informed that this request and offer were made specifically at the direction of All Points Broadband. The intent was clear: silence RBNS's objections and protect APBB from scrutiny, or face financial punishment. This quid pro quo, orchestrated at APBB's request, is not only anti-competitive but raises grave ethical and legal concerns about the abuse of public office to suppress dissent and favor a private company. RBNS was able to complete the CARES Act project without any concessions by the state or county.

In several instances, on behalf of APBB, its partner Dominion Communications has bypassed state easement regulations and overbuilt existing fiber operators by placing fiber optic cables on electric-only easements across homeowner properties without permission, leveraging its status as a power utility inappropriately without following state regulations. The Virginia Supreme Court has held that for-profit ISPs could not invoke the Virginia Utility Leverage law to gain easement rights. Is this ruling being ignored and property owners steamrolled by big Utilities? It's like a Mob organization just doing whatever it wants with no regard to law and personal property rights.

APBB's actual performance has been consistently poor. In Culpeper County, for example, APBB was awarded over \$30 million to serve 4,300 homes; by 2025—five years after award—only one home was connected, and the project was terminated. In Fauquier County, as reported by the *Fauquier Times* ("All Points Broadband plan 11 months behind schedule," Dec. 3, 2024), APBB's project was nearly a year behind schedule with only 30% completed. In county after county—Rappahannock, Page, Fauquier, the Northern Neck—deadlines have been missed, and millions in taxpayer dollars have produced little or no broadband for rural residents. When questioned, APBB blames the pandemic, supply chain issues, or rising costs, yet these same challenges did not earn RBNS any understanding—instead, we received threats and pressure for even minor delays. This particular project was not even the worse example of APBB failures; most of the other projects were well below 30% complete, some in single-digit percentages. Yet they were all granted extensions, and now the promise of even more money from BEAD to fix the problems with their first application.

APBB's 2022 VATI ARPA grant applications have also been found to contain false and misleading claims about "in-kind" support from utilities. A vice president at SVEC directly denied that their company was providing any in-kind support for APBB's application. Dominion Energy went further and formally withdrew its significant monetary support from APBB's application prior to submission. Despite these clear denials and withdrawals, APBB's final applications continued to claim this support. DHCD accepted these misrepresentations, did not correct the record, and

never notified other applicants or the public. The manipulation of data and misrepresentation of utility support has been a key part of APBB's effort to win more public funding and crowd out competition.

It should also be noted that APBB's CEO, James Carr, is the son of Democrat Delegate Betsy B. Carr, a member of the Virginia House of Delegates who sits on committees regarding broadband funding and policy. APBB's access to policymakers, exclusive state-county retreats, and persistent closed-door dealing have created an environment where political connections and favoritism, not public benefit or performance, decide who receives taxpayer funding.

All of these actions have created a chilling effect throughout Virginia's broadband industry. The message to honest, local providers is clear: object or compete, and you risk exclusion, threats, and financial retaliation. Meanwhile, rural Virginians continue to wait for reliable broadband while public money goes unaccounted for and is unproductive. It is also very clear that the state agency charged with managing these types of projects has willingly and perhaps in collaboration with allowed this wrong to continue, as well as what appears to be a conspiracy with utilities and county officials.

I cannot help but notice the confusion created by the shifting use of company names in these broadband projects. For instance, while counties and the public are presented with project updates and communications under the All Points Broadband (APBB) name, and the original grants—including VATI and ARPA—were clearly awarded to APBB, the newer BEAD applications appear to be submitted under the name Virginia Everywhere (VE). It is not clear to me, or to the public, why the same individuals and addresses are now being associated with a different company on new applications—especially when some BEAD funding may be used to underground aerial fiber that APBB was already funded to build. How can the same project area be handled by different companies for different grant cycles? Even if this is technically legal, the use of multiple company names for overlapping projects on adjacent addresses makes it extremely difficult for the public, the media, or investigators to understand what is really happening. I raise this as a genuine concern and urge authorities to look more closely at the ownership structures, application details, and true beneficiaries of these overlapping grants.

I am prepared to provide documentation—emails, contracts, testimony about meetings with county officials, and other evidence—to support every claim made in this letter. I can also refer investigators to other broadband providers who have experienced similar abuses and are willing to offer testimony or additional proof. The DHCD only allowed one week to respond to these proposals, nowhere near the amount of time needed, and this type of investigation must be performed by authoritative professionals, not a citizen. This conspiracy spans the terms of 3 Governors: Terry McAuliffe, when James Carr was appointed to a Broadband Advisory Committee, Ralf Northam, when James Carr coordinated with the players listed in this document to win VATI/ARPA grants as well as manipulate the Utility Leverage Program, and Glen Youngkin, with their applications for BEAD funding through the DHCD to pay for shortcomings uncovered in their previous VATI/ARPA grant and to pad areas to build to where no one lives.

I respectfully and urgently request the following: immediate suspension of all current and future grants to All Points Broadband and its affiliates; a full, independent investigation and audit of all VATI, ARPA, and BEAD broadband grants involving APBB, DHCD Broadband Department staff, SVEC, Dominion, and Page County from 2020 to the present; review of all communications and

meetings including the APBB-sponsored retreat; investigation of all apparent conflicts of interest, including those related to Delegate Betsy B. Carr and James Carr; outreach to other Virginia broadband providers for further evidence; and a public accounting of all addresses and project areas claimed by APBB in ARPA, VATI, and BEAD applications, with on-site verification of actual residences and service eligibility. It may also be prudent to stop all Virginia BEAD funding programs, given the lack of accountability; there may be more instances similar to the APBB issues with other program applications that my sphere of influence has not touched. It is very likely, given the level we have found here with APBB/VE there are probably more, not to mention the obvious errors in the data process the state is using for guidance.

Rural Virginians and all taxpayers deserve open, honest, and effective broadband programs—not a system that rewards failure, political connections, collusion, and misrepresentation. I am ready to provide supporting documentation and urge you to act swiftly to restore integrity to Virginia's broadband initiatives.

Sincerely,

A handwritten signature in blue ink, appearing to read "Alex Phillips". The signature is fluid and cursive, with the first name "Alex" and last name "Phillips" clearly distinguishable.

Alex Phillips

CC: Other Concerned Virginia ISPs