

Port Authority Lawsuit Reminds Businesses to Scrutinize Your Bills

by Dennis C. Linken on March 6, 2013

A lawsuit filed by the Port Authority of New York and New Jersey should remind businesses how important it is to thoroughly review your monthly bills to ensure you are not being overcharged.

The Port Authority recently filed a federal breach of contract lawsuit against AT&T Corp. alleging that the telephone company has been overbilling the agency for over eight years. According to the complaint, "AT&T has engaged in a prolonged pattern of overbilling the Port Authority for a variety of telecommunication services that AT&T agreed to provide the Port Authority - as well as billing the Port Authority for a service that was never provided."

During a communications audit in 2011, the Port Authority discovered that a circuit, which connected the John F. Kennedy International Airport Federal Aviation Administration Control Tower with a United States Coast Guard facility, was non-operational. For eight years, AT&T had billed the Port Authority for the circuit, charging it approximately \$10,582.37 per month. The Port Authority paid the charges, unaware that the service was not provided.

The Port Authority's complaint also alleges that long distance rates for calls made over a single Integrated Services Digital Network phone line failed to comply with a Master Services Agreement executed by the parties. For over a four-year period, the Port Authority allegedly paid a far higher rate than specified in the agreement. The Port Authority estimates that these overpayments exceed one hundred thousand dollars, exclusive of interest.

As this case highlights, it is imperative for New York and New Jersey businesses to regularly conduct audits of their contracts and invoices to ensure that they are receiving the services promised at the agreed upon rates. In most cases, the sooner a discrepancy is discovered, the more easily it can be rectified without resorting to a costly lawsuit.

If you have any questions about the case or would like to discuss how it may impact your business, please contact me, Dennis Linken, or the Scarinci Hollenbeck attorney with whom you work.