

Federal Communications Commission 445 12<sup>th</sup> Street, S.W. Washington, D. C. 20554

News Media Information 202 / 418-0500 Internet: http://www.fcc.gov

This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action. See MCI v. FCC. 515 F 2d 385 (D.C. Circ 1974).

**FOR IMMEDIATE RELEASE**: September 30, 2013

**NEWS MEDIA CONTACT**: Justin Cole, 202-418-8191 E-mail: justin.cole@fcc.gov

## FCC PROPOSES MORE THAN \$14.4 MILLION IN FORFEITURES TO COMBAT DUPLICATIVE LIFELINE SERVICE, PROTECT LIFELINE PROGRAM

**Washington, D.C.** – Today, following investigations by its Enforcement Bureau, the FCC proposed more than \$14.4 million in forfeitures against five wireless Lifeline service providers who apparently violated the Commission's Lifeline rules. The violations involve thousands of consumers who had more than one Lifeline subscription from the same provider, resulting in duplicative support requests and payments.

Today's actions constitute the most recent step in the Commission's significant efforts to root out waste, fraud, and abuse in the Lifeline program and preserve the overall integrity of the Universal Service Fund (USF). Specifically, the Notices of Apparent Liability (NALs) were issued against: Icon Telecom, Inc. (\$4,806,381); TracFone Wireless, Inc. (\$4,573,376); Assist Wireless, LLC (\$2,203,977); Easy Telephone Services d/b/a/ Easy Wireless (\$1,586,545); and UTPhone, Inc. (\$1,234,456).

In each case, the carrier knew or should have known, based on its own internal data, that the consumers were ineligible under Lifeline program rules. The penalties proposed in today's NALs are in addition to recovery of universal service funds paid to the carriers for duplicative Lifeline service.

To protect the integrity of the Lifeline program, the Commission's rules prohibit, among other things, Lifeline service providers from requesting and/or receiving support for consumers who already receive Lifeline service. The Commission also requires Lifeline service providers to carefully monitor their compliance with the Lifeline rules and recently cautioned that non-compliance would result in enforcement action.

For the apparent violations uncovered in these cases, where the providers should have discovered the duplicates on their own, the NALs adopt an aggressive forfeiture framework, including: (1) a separate forfeiture of \$20,000 for each unlawful payment request seeking USF support for ineligible Lifeline subscribers; (2) a \$5,000 forfeiture per ineligible subscriber; and (3) an upward adjustment of three times the total duplicate USF support payments requested and/or received.

Since it was launched in 1985, Lifeline has helped ensure that low-income consumers can afford basic telephone service by providing monthly service discounts. Over the years, the program has dramatically increased the percentage of low-income households with phone service, providing a communications lifeline, including the ability to quickly reach emergency services, for some of our most vulnerable citizens. The FCC began tackling Lifeline reform in 2010, culminating in a complete overhaul in January 2012. The Enforcement Bureau also continues to aggressively pursue various ongoing Lifeline investigations. At the same time, the FCC's Office of the Inspector General is working on investigations in close coordination with the U.S. Department of Justice.

To date, the FCC's tough new rules have eliminated more than 1.1 million duplicate subscriptions, saved nearly \$214 million in 2012, and are on track to save over \$2 billion over three years. The reforms will preserve Lifeline for those who truly need it and prepare it to ensure that low-income Americans have access to robust, affordable broadband.

The Wireline Competition Bureau today also released a Public Notice seeking comment on the proposed Lifeline Biennial Audit Plan, which will develop uniform procedures for independent biennial audits of carriers receiving \$5 million annually or more from the low-income universal service support program. The Lifeline Biennial Audit Plan can be found at <a href="http://hraunfoss.fcc.gov/edocs\_public/attachmatch/DA-13-2016A1.pdf">http://hraunfoss.fcc.gov/edocs\_public/attachmatch/DA-13-2016A1.pdf</a>.

## -FCC-

News about the Federal Communications Commission can also be found

on the Commission's web site www.fcc.gov.