



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

April 21, 2015

The Honorable David Vitter
Chairman
Committee on Small Business & Entrepreneurship
United States Senate
428A Russell Senate Office Building
Washington, D.C. 20510

Dear Chairman Vitter:

Thank you for your letter expressing concerns about fraud and abuse in the Lifeline program, specifically referencing news coverage of alleged abuse of the program by wireless Lifeline service provider Total Call Mobile. Please be assured that I share your concerns. The elimination of waste, fraud, and abuse in each of the Universal Service Fund programs is among the Commission's highest priorities.

We take seriously our obligation to protect the Universal Service Fund. With specific reference to the Lifeline program, the Commission has implemented sweeping reforms to combat waste, fraud, and abuse. For example, among the most recent reforms is a requirement that Lifeline service providers verify customer eligibility prior to enrolling them in the program and a prohibition on service providers claiming support for existing or new consumers who are ineligible to receive Lifeline service. One major component of the recent reforms is the Commission's National Lifeline Accountability Database (NLAD), which has significantly reduced Lifeline fraud in the first year of its existence by allowing service providers to quickly identify potentially duplicate customers.

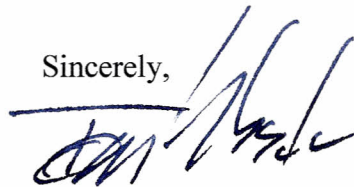
Moreover, the Commission has taken a number of enforcement actions to enforce its rules and protect the integrity of the Lifeline program. In 2013 and 2014, the Commission proposed over \$90 million in fines against companies that apparently violated the rules limiting Lifeline service to one subscriber per household, as well as recovered payments for thousands of cases where a single company was providing duplicate service to the same person. In these cases, the carriers knew or should have known that the consumers were ineligible because they were already receiving service from that service provider. The Enforcement Bureau also has issued more than 300 citations to individuals in 10 states notifying them that they have violated the Lifeline program rules by receiving Lifeline-supported service on multiple customer accounts. The citations ordered the consumers to cease and desist from applying for or receiving more than one Lifeline-supported phone service and warned them that the Commission may impose a monetary fine if the violations continued. And the Enforcement Bureau launched in December 2012 a dedicated Lifeline fraud tip line and a dedicated e-mail address to facilitate reporting of possible fraud in the program.

The Commission's programmatic reforms and enforcement efforts for the Lifeline program have produced significant and measurable savings for the Universal Service Fund. Specifically, as of the end of 2014, these efforts have saved the Universal Service Fund approximately \$2.75 billion since 2012, when Lifeline disbursements peaked. And annual disbursements have fallen from a high of \$2.2 billion in 2012 to approximately \$1.66 billion in 2014.

The Commission takes seriously all allegations of Universal Service Fund waste, fraud, and abuse. We note that while the reforms that have been implemented thus far have been successful, we are considering programmatic changes that could help to further curb waste, fraud, and abuse. Our Enforcement Bureau will use all of the tools currently at its disposal to ensure that any rule or statutory violation they discover is aggressively pursued with the Commission's utmost resolve. In particular, the USF Strike Force is actively investigating Lifeline service providers suspected of violating program rules and federal law. While it would be inappropriate to comment on ongoing investigations, I agree with you that the alleged conduct you have drawn attention to in your letter highlights the importance of strong enforcement of our Lifeline rules.

I appreciate your interest in this matter. Please let me know if we can be of any further assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tom Wheeler", is written over a horizontal line.

Tom Wheeler