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445 12th Street, S.W.
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See *MCI v. FCC*, 515 F.2d 385 (D.C. Cir. 1974).

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NEWS MEDIA CONTACT:
Morning Washburn, 202-418-0067
E-mail: morning.washburn@fcc.gov

AT&T AND SNET TO PAY \$10.9 MILLION FOR OVERBILLING FEDERAL LIFELINE PROGRAM

Robust Compliance Plans Will Improve Oversight of the Program

Washington, D.C. – To resolve an investigation by the Federal Communications Commission’s Enforcement Bureau, AT&T and its former subsidiary Southern New England Telephone (SNET) have agreed to pay \$10.9 million in penalties for overbilling the FCC’s Lifeline program, a program which helps ensure low income consumers have access to a phone line. An FCC investigation showed that AT&T and its affiliates continued to provide service to landline customers in the program without recertifying the eligibility of the customers within the 35 days required by Lifeline program rules. As a result of these failures, the companies overbilled the Lifeline program when they requested reimbursement for participating in the program. The \$10.9 million in penalties resulting from these settlements are in addition to the refund payments that the companies have previously made to fully reimburse the Lifeline program for ineligible customers.

“American consumers trust that the companies who receive federal funds will use that money appropriately,” said Travis LeBlanc, Chief of the FCC’s Enforcement Bureau. “We expect companies to be vigilant in protecting public funds and complying with FCC rules.”

AT&T and SNET’s failure to remove ineligible Lifeline customers from their rolls was discovered in 2013 during an FCC audit of two AT&T Lifeline affiliates. The audit found that a number of Lifeline subscribers who no longer qualified for the program had not been de-enrolled following the annual recertification process for 2012 and 2013, a process in which consumers are required to certify their continued eligibility for Lifeline. These subscribers were given one extra month of Lifeline support, and AT&T improperly claimed reimbursement from the government for this extra month. Additionally, the Enforcement Bureau found other de-enrollment and recordkeeping violations.

As part of today’s settlements, AT&T will pay a civil penalty of \$6.9 million, and SNET will pay \$4 million. In addition, AT&T and SNET are required to adopt rigorous compliance plans related to their Lifeline activities. The plans outline a number of steps that the companies must take, including designating a senior corporate manager to serve as a compliance officer, developing a comprehensive compliance plan, and reporting regularly to the Enforcement Bureau on compliance, as well as other steps designed to ensure it is not overbilling the Lifeline program.

Established in 1985, Lifeline is a federal program that helps ensure qualifying consumers have the opportunities and security that phone service brings, including being able to connect to jobs, family members, and emergency services. The program provides support to telecommunications companies that in turn offer discounts to millions of eligible consumers. In general, eligible households can receive up to \$9.25 per month in discounts. A household applies for the discounts through their telecommunications company. These companies are then reimbursed through the Lifeline Program.

The AT&T Consent Decree can be found here:

https://apps.fcc.gov/edocs_public/attachmatch/DA-15-485A1.pdf

The SNET Consent Decree can be found here:

https://apps.fcc.gov/edocs_public/attachmatch/DA-15-501A1.pdf

Information on the Lifeline program can be found here:

<http://www.fcc.gov/lifeline>

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