FCC NEWS from the Federal Communications Commission

Media Contact:
Mark Wigfield, (202) 418-0253
mark.wigfield@fcc.gov

Will Wiquist, (202) 418-0509
will.wiquist@fcc.gov

For Immediate Release

TOTAL CALL MOBILE TO PAY $30 MILLION AND END LIFELINE PARTICIPATION TO SETTLE FRAUD INVESTIGATIONS

WASHINGTON, December 22, 2016 – The Federal Communications Commission today announced that Total Call Mobile will pay $30 million to resolve fraud investigations by the FCC's Enforcement Bureau and the United States Attorney's Office for the Southern District of New York into allegations that the company enrolled tens of thousands of duplicate and ineligible consumers into the Lifeline program. As a condition of the settlement, Total Call admits its field agents engaged in "fraudulent practices" and will permanently lose its authorizations to participate in the Lifeline program anywhere in the country.

"We have no toleration for fraud," said FCC Enforcement Bureau Chief Travis LeBlanc. "This unprecedented $30 million settlement along with a permanent ban from the Lifeline program affirms our commitment to pursue the strongest sanctions for those who defraud or abuse the Universal Service program. We thank our partners at the Department of Justice for working with us to make sure that companies that commit fraud are held accountable to the fullest extent of the law."

The $30 million settlement includes a repayment to the Universal Service Fund and a penalty paid to the U.S. Treasury. In addition to the monetary payment, Total Call admits that it violated the Commission's Lifeline program rules, and agrees to relinquish its FCC and state authorizations to participate in the Lifeline program.

As part of this settlement, Total Call admits that it engaged in wrongful conduct in connection with its participation in the Lifeline program. Total Call admits that hundreds of its sales agents enrolled duplicate and ineligible subscribers into the Lifeline program by using fake and repeated eligibility cards and false subscriber information. Total Call also admits that its managers failed to take corrective action when they received reports of these fraudulent activities and failed to put in place systems to prevent fraudulent conduct. The company further admits that it failed to implement effective policies and procedures to ensure eligibility of Lifeline subscribers and monitor compliance, and that it failed to properly train its sales agents. Total Call admits that it also requested and received funds from the Universal Service Fund for tens of thousands of consumers that did not meet the Lifeline eligibility requirements while it knew its policies and procedures to ensure compliance with Lifeline rules were deficient. As a result of this and other conduct, the Enforcement Bureau found that Total Call violated numerous Commission rules, which Total Call also admits as part of the settlement.

The Enforcement Bureau's investigation was led by the Universal Service Fund Strike Force. The investigation found that Total Call engaged in systematic and egregious misconduct that included enrolling duplicate and ineligible consumers in the Lifeline program through the misuse of eligibility documents such as temporary Supplemental Nutrition Assistance Program (SNAP) cards, including enrolling "phantom" consumers who were created by using the identity information of an individual without the individual's consent.

Earlier this year, the Commission adopted the 2016 Lifeline Reform rules, modernizing the Lifeline program. Among other reforms, the rules establish an independent National Eligibility Verifier to determine the eligibility of consumers enrolling in Lifeline in order to stop abuses of the type alleged in today's proposed fine. This new national verifier puts an independent party in control of determining subscriber eligibility thereby removing that obligation from self-interested providers.

Lifeline provides discounted phone service to low-income consumers so that they have access to the communications tools necessary to connect with jobs, family, and emergency services. Under the current Lifeline program rules, eligible telecommunications carriers receive $9.25 per month for each qualifying low-income consumer receiving phone service, including up to an additional $25 per month for eligible consumers residing on Tribal lands, and are required to pass a discount equal to the reimbursement along to the consumer. Lifeline providers may seek reimbursement for providing service to a consumer only after confirming the consumer's eligibility and that the consumer is not already receiving Lifeline service. The Lifeline program is funded through contributions assessed on telecommunication providers.

A copy of today's Consent Decree and Order is available at
https://apps.fcc.gov/edocs_public/attachmatch/DA-16-1399A1.pdf

###

Office of Media Relations: (202) 418-0500
TTY: (888) 835-5322
Twitter: @FCC
www.fcc.gov/office-media-relations