

**STATEMENT OF
CHAIRMAN AJIT PAI**

Re: *American Broadband & Telecommunications Company; Jeffrey S. Ansted*, File No. EB-IHD-17-00023554.

The FCC's Lifeline program is designed in part to help provide affordable broadband and bring the benefits of digital opportunity to those Americans who need it most. Funding for this program, which comes from taxpayers, should be used to empower low-income consumers—not line the pockets of unscrupulous wireless resellers participating in the program. But that is apparently what happened in this case, which involves a company ironically doing business under the name “American Assistance.”

Let me recap the facts: The company, American Broadband & Telecommunications Company (American Broadband), appears to have requested and received funding for tens of thousands of ineligible Lifeline customer accounts. The company's sales agents apparently created fake or duplicate accounts by using the names of deceased people; modifying the names, dates of birth, and Social Security Numbers of actual Lifeline subscribers; reusing the same proof-of-eligibility documents for multiple accounts; listing the same single-family home addresses for dozens of accounts; and using addresses where nobody actually lived. American Broadband also appears to have claimed funding for thousands of customers who hadn't been using the service for months and thousands of others who had already switched to another Lifeline provider. Month after month, the company apparently sought funding for accounts that it knew were ineligible to receive Lifeline benefits. And in August 2016—after American Broadband told the Commission that it had taken action to ensure compliance with our Lifeline rules—the company still appears to have claimed Lifeline funding for more than 42,000 ineligible accounts. Meanwhile, the owner of American Broadband apparently used the company's ill-gotten gains to buy luxury items like a private jet, a Ferrari convertible, and country club and yacht club memberships.

In short, this is a case about apparent fraud. And in response, we propose a fine of more than \$63 million against American Broadband—which would be the largest-ever penalty for violations of our universal service support rules. But we don't stop there. We also make clear that this proposed penalty is separate from any refunds that the company might owe to the Universal Service Fund—essentially, to American taxpayers. And we order American Broadband to explain why we shouldn't revoke its FCC authorizations to offer service.

Our message cannot be clearer: We will take swift and aggressive enforcement action against unscrupulous companies that abuse the Lifeline program. American taxpayers who contribute this funding and the low-income Americans who rely on it deserve nothing less.

For their meticulous investigative work on this case, I'd like to thank Mary Beth DeLuca, Rosemary Harold, Jason Mastrangelo, Keith Morgan, Dangkhua Nguyen, Rakesh Patel, Michael Scurato, David Sobotkin, Raphael Sznajder, Romanda Williams, and Michael Zehr of the Enforcement Bureau. And thank you to the dedicated staff from the Commission's other Bureaus and Offices for their work on this case: Terry Cavanaugh, Rick Mallen, Linda Oliver, Joel Rabinovitz, and Bill Richardson from the Office of General Counsel; Chris Howell-Little, Regina Jansen, and Eric Phelps from the Office of Inspector General; and Kate Dumouchel and Rashann Duvall from the Wireline Competition Bureau.