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**For Immediate Release****MAJOR LIFELINE PROGRAM PROVIDER AGREES TO  
\$13.4 MILLION SETTLEMENT AND COMPREHENSIVE  
LIFELINE COMPLIANCE PLAN**

WASHINGTON, April 4, 2022—The Federal Communications Commission today announced that the FCC and DOJ have reached a \$13.4 million settlement with TracFone Wireless in connection with violations of FCC Lifeline program rules. Specifically, the settlement resolves allegations that TracFone violated the False Claims Act by signing up more than 175,000 ineligible customers for the Lifeline program during 2012-2015 and that the false claims resulted from TracFone’s lax oversight and monitoring of its Lifeline program.

“Today’s settlement reflects the FCC’s ongoing commitment to root out waste, fraud and abuse in its universal service programs,” said FCC Chairwoman Jessica Rosenworcel. “Especially during these unprecedented times, the Universal Service Fund provides a key lifeline for many families, and our careful stewardship of the program ensures that low-income households can access the telecommunications services they so critically need. Let today’s action serve as a warning to others that we will do everything we can to ensure strict compliance with the rules of the road.”

A detailed investigation by the FCC Office of Inspector General revealed that TracFone did not have adequate internal controls and other Lifeline compliance measures in place over an extended period of time. As a result, TracFone failed to detect that for several years its contract sales agents in Florida were improperly targeting and marketing Lifeline services by exploiting a loophole in TracFone’s process for verifying Lifeline eligibility. In particular, this scheme took advantage of non-low income veterans, Medicare patients, law enforcement, and other people who did not qualify for the Lifeline program.

The settlement resolves a qui tam action in the United States District Court for the Middle District of Florida, makes the Universal Service Fund whole, and provides damages to the Government for TracFone’s misconduct. Under the settlement, the Universal Service Fund will retain \$10,927,372 in previously refunded overpayments and TracFone will pay an additional \$2.5 million in damages to the Government. Further, TracFone has agreed to enter into a comprehensive, three-year compliance agreement to help ensure strict adherence to the FCC’s rules for the Lifeline program going forward.

“Compliance should be job one for all Lifeline providers and we are pleased that today’s settlement has a singular focus on oversight and monitoring to ensure program integrity,” said Michele Ellison, FCC General Counsel. “I also applaud the diligent work of our team and the continuing cooperation between the Office of General Counsel, the Office of the Inspector General, and the U.S. Department of Justice.”

Earlier this year, Verizon Communications acquired TracFone, with TracFone continuing as a wholly-owned subsidiary of Verizon pursuant to certain conditions imposed by the FCC. The compliance agreement entered into by the parties requires TracFone to modify its business practices to ensure compliance with the FCC's rules for the Lifeline Program and obligates Verizon to oversee and audit TracFone's Lifeline program. Required compliance measures include designation of a compliance officer, establishment of a compliance oversight team comprised of senior executives, a comprehensive training program for TracFone employees and its marketing agents covering both the Lifeline Program and the Affordable Connectivity Program, background checks for TracFone employees and marketing agents, and comprehensive monitoring and reporting requirements. Violation of the compliance agreement will trigger significant remedies.

David Hunt, Inspector General of the FCC, said that, "The FCC-OIG is committed to eliminating fraud, waste, and abuse in the Lifeline and other FCC programs, and we will continue to work vigilantly with our law enforcement partners to ensure these funds are safeguarded from false claims by fund recipients. We particularly wish to acknowledge the dedication of the DOJ Civil Division that has worked with us for many years to bring this case to a successful conclusion."

TracFone provides wireless Lifeline service under the SafeLink Wireless brand to millions of low-income households nationwide.

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*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. Cir. 1974).*