Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
American Broadband & Telecommunications Company	)	File No.: EB-IHD-17-00023554
	)	NAL/Acct. No.: 201932080001
	)	
Jeffrey S. Ansted	)	

NOTICE OF APPARENT LIABILITY FOR FORFEITURE AND ORDER

Adopted: October 23, 2018 **Released: October 25, 2018**

By the Commission: Chairman Pai and Commissioners Carr and Rosenworcel issuing separate statements.

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I. INTRODUCTION

1. In this Notice of Apparent Liability for Forfeiture (NAL), we propose a $63,463,500 forfeiture penalty against American Broadband & Telecommunications Company (American Broadband or the Company), doing business as American Assistance, for apparently willfully and repeatedly engaging in conduct that violated the Commission's rules governing the federal Lifeline program.

2. American Broadband (1) apparently created, then sought and obtained Lifeline support for ineligible or duplicate[1] Lifeline accounts; (2) sought and obtained Lifeline support for deceased individuals; (3) repeatedly filed Forms 497 seeking Lifeline support, and obtained support for ineligible Lifeline accounts even after its own compliance staff had identified the enrollments as "[redacted]"[2] and

[1] The Commission has previously addressed avoiding overcompensating providers for service to the same customer or to more than one customer in the same household. *See Lifeline & Link Up Reform & Modernization*, Report and Order, 26 FCC Rcd 9022, 9027, paras. 1, 8-9 (2011) (*Lifeline Duplicates Order*); *see Lifeline and Link Up Reform and Modernization*, Report and Order and Further Notice of Proposed Rulemaking, 27 FCC Rcd 6656, 6687, paras. 69-70 (2012) (*Lifeline Reform Order*); Requests for Review of Decisions of the Universal Service Administrator by Assist Wireless, Inc., et al., *Order*, DA 18-464 (WCB May 7, 2018) (*Lifeline IDV Appeals Orde*r). In this *NAL* and consistent with the Commission's stated goal, a duplicate applies to "seeking duplicative compensation for nearly identical or substantially similar customer records that likely were the same customer or a member of the same household." *See Lifeline IDV Appeals Order* at 5, para. 8.

[2] *See* ABT-OIG00057089. Material redacted because of confidential business or other reasons appears in the public version of this Notice of Apparent Liability and Forfeiture Order as black space. American Broadband requested confidential treatment under the Sections 0.457 and 0.459 of Commission's rules for correspondence and documents it submitted to the Commission, and asserted that the documents and information it furnished contain "confidential proprietary, financial and business information and information about the Company's customers" and noting that such competitively sensitive information is exempted from mandatory disclosure under "Exemption 4" of the Freedom of Information Act ("FOIA") and Section 0.457(d) of the Commission's rules. *See e.g.*, Letter from Kelley Drye & Warren LLP, Counsel for American Broadband, to Ryan Palmer, Telecommunications Access Policy Division, FCC (Sept. 16, 2016) (Sept. 16 Letter) ("The information for which American Broadband is requesting confidential treatment is proprietary and competitively sensitive information that is not customarily disclosed to the public or within the industry. The confidential documents reveal details about American Broadband's business practices, compensation, its internal operating, training and compliance procedures and activities, and its customers, the disclosure of which would cause great harm."); Letter from John J. Heitmann, Kelley Drye & Warren LLP, Counsel for American Broadband, to Dangkhoa Nguyen, FCC, Enforcement Bureau (Nov. 3, 2017) ("[American Broadband] ... hereby requests confidential treatment of the accompanying drive containing documents . . . the . . . Production contains confidential proprietary, financial, and business information . . . The information for which (continued)

after it had represented to the Commission that it had identified and remediated all improper Lifeline claims; and (4) failed to de-enroll ineligible subscribers that it knew or should have known were ineligible to receive Lifeline support. As a result of this conduct, American Broadband apparently violated sections 54.405(e)(1)-(3); 54.407(c)(2); 54.407(c)(2); and 54.410(a) of the Commission's rules and apparently improperly received millions of dollars of Lifeline support from the Universal Service Fund.

3. We find that the proposed $63,463,500 forfeiture penalty reflects the scope, duration, seriousness, and egregiousness of American Broadband's numerous apparent violations. As discussed in detail herein, the proposed penalty reflects the conduct of the Company for a period after which the Company reported to the Commission that it had received overpayments from the Fund and had taken action to ensure compliance with Lifeline program rules. We find that American Broadband and its owner, Jeffrey Ansted, are apparently jointly and severally liable for the proposed forfeiture penalty.[3] Additionally, we order American Broadband to submit a report within 30 days of this NAL addressing why the Commission should not begin proceedings to revoke its Commission authorizations.

II. BACKGROUND

A. Legal Framework

4. *Lifeline Program*. The Lifeline program provides support for communications services[4] provided by eligible telecommunications carriers (ETCs) to qualifying low-income consumers."[5] The program helps to ensure that low-income Americans have access to the opportunities and security that phone and broadband services provide, including the ability to connect to jobs, family members, and emergency services.[6]

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[American Broadband] requests confidential treatment is proprietary and competitively sensitive information that is not customarily disclosed to the public or within the industry. The market for Lifeline services, including the services offered by [American Broadband], is highly competitive . . . Production reveals details about [American Broadband's] customers and business practices as well as its internal operating and compliance procedures . . . [American Broadband] derives independent economic value from the fact that such significant, detailed proprietary information is unknown to its competitors. . . ."). *See infra* Section VI; *see also* 47 CFR §§ 0.457, 0.459.

[3] As discussed below, Jeffrey Ansted apparently used Lifeline support for his personal benefit, including using Lifeline support to purchase, among other things, a convertible Ferrari, a Cessna 525C jet, and a condominium in Florida.

[4] Lifeline provides "qualifying low-income consumers with voice telephony service or broadband Internet access service." 47 CFR § 54.401(a)(2).

[5] *Id*. *See Lifeline and Link Up Reform and Modernization*, Report and Order and Further Notice of Proposed Rulemaking, 27 FCC Rcd 6656, 6687, paras. 69-70 (2012) (codifying a rule limiting Lifeline support to "a single subscription per household") (*Lifeline Reform Order*); 47 CFR § 54.409 (providing that to constitute a qualifying low-income consumer, (1) a consumer's household income must be at or below 135% of the Federal Poverty Guidelines for a household of that size, or the consumer (or the consumer's household) must receive benefits from a qualifying federal assistance program, such as Supplemental Nutrition Assistance Program (SNAP); and (2) the consumer must not already be receiving a Lifeline service, and there must not be anyone else in the subscriber's household subscribed to a Lifeline service); *see also* 47 CFR § 54.400(h) (defining "household" as "any individual or group of individuals who are living together at the same address as one economic unit. . . .") and 54.400(g) (providing that "[d]uplicative support exists when a Lifeline subscriber is receiving two or more Lifeline services concurrently or two or more subscribers in a household are receiving Lifeline services . . . concurrently.").

[6] *Lifeline Reform Order*, 27 FCC Rcd at 6662–67, paras. 11–18. *See Lifeline and Link Up Reform and Modernization*, Third Report and Order, and Further Report and Order and Order on Reconsideration, 31 FCC Rcd 3962 (2016) (*Lifeline Reform Third Report and Order*).

5. To participate in the Lifeline program and receive federal universal service support for providing Lifeline service, a provider must be designated as an ETC.[7] Once designated, an ETC may receive Lifeline support in the amount of $9.25 per month, per subscriber[8] "based on the number of actual qualifying low-income consumers it serves directly."[9] Pursuant to section 54.407, in order to receive reimbursement for offering Lifeline, an ETC must certify "as part of each request for reimbursement that it is in compliance with all of the rules" and "must keep accurate records of the revenues it forgoes in providing Lifeline services."[10]

6. The Universal Service Administrative Company (USAC) is the administrator of the federal universal service programs, including the Lifeline program.[11] Among other things, USAC collects and distributes universal service funds.[12] USAC uses the National Lifeline Accountability Database (NLAD) to receive and process subscriber data.[13] Under program rules, ETCs must query NLAD to determine consumers' eligibility to receive Lifeline service, and "[i]f the Database indicates that a prospective subscriber . . . is currently receiving a Lifeline service the [ETC] must not provide and shall not seek or receive Lifeline reimbursement for that subscriber."[14]

7. USAC and ETCs use NLAD to facilitate benefit transfers. A benefit transfer occurs when one service provider transfers a subscriber's Lifeline benefit from another service provider.[15] Prior to initiating a benefit transfer in NLAD, the service provider must obtain the consent of the subscriber and

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[7] 47 U.S.C. § 254(e) ("[O]nly an eligible telecommunications carrier designated under section 214(e) shall be eligible to receive specific federal universal service support."). Pursuant to sections 214(e)(1)(A) and (B), a common carrier designated as an ETC must offer the services supported by the federal universal service support mechanisms either using its own facilities or a combination of its own facilities and resale of another carrier's services throughout its designated service area and must advertise the availability and charges for those services. *See* 47 U.S.C. §§ 214(e)(1)(A), (B).

Each service provider that receives federal universal service support must complete the Service Provider and Billed Entity Identification Number and Contact Information Form, FCC Form 498, OMB3060-0824 (Form 498). *See* http://www.usac.org/_res/documents/cont/pdf/forms/2013/FCC_498_Form-Instructions.pdf (last visited Oct. 23, 2018). USAC uses information provided on the form to administer the billing, collection, and disbursement operations of the federal universal service programs. Among other information, on the Form 498, the service provider provides a description of its telecommunications activities and its financial institution information. *Id*. An authorized company officer must certify that the information provided on the Form 498 is "true, accurate, and complete." *Id.*

[8] *See* 47 CFR § 54.403(a)(1). An ETC may seek and receive reimbursement from the Fund for revenues it forgoes in providing the discounted services to eligible consumers in accordance with the Commission's rules. 47 CFR § 54.403(a). An ETC may receive additional federal Lifeline support of up to $25 per month for providing Lifeline service to an eligible resident of Tribal lands. 47 CFR § 54.403(a)(2).

[9] 47 CFR § 54.407(a). Effective December 2, 2016, section 54.407(a) only permits ETCs to claim support for qualifying Lifeline subscribers "they serve directly as of the first of the month."

[10] 47 CFR §§ 54.407(d), (e).

[11] *See* 47 CFR §§ 54.701(a), 54.702(b).

[12] 47 CFR § 54.701(a). *See* USAC's website at, https://www.usac.org (last visited May 10, 2018).

[13] *Lifeline Reform Order*, 27 FCC Rcd at 6734-6749; *see* 47 CFR §§ 54.404 (codifying rules governing NLAD), 54.409(c) (providing the rules for consumer qualifications for Lifeline), and 54.410(a)(1) (discussing "subscriber eligibility determination and certification").

[14] *See* 47 CFR §§ 54.404(b)(1), (2); *Lifeline Reform Order*, 27 FCC Rcd at 6743, para. 203; *see, e.g., Lifeline Linkup Reform and Modernization et al.*, Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order, 30 FCC Rcd 7818, 7879, para. 179 & n.340 (2015) (allowing Oregon, Texas and California to receive approval to opt-out of the NLAD).

[15] *See* USAC's website at https://www.usac.org/li/tools/nlad/benefit-transfers.aspx (last visited Apr. 10, 2017).

proper documentation of consent.[16] Once a benefit transfer has been successfully completed in NLAD, USAC notifies both the former and current Lifeline service providers of the change.[17]

8. Pursuant to section 54.410(a) of the Commission's rules, an ETC must implement policies and procedures "for ensuring that their Lifeline subscribers are eligible to receive Lifeline services."[18] ETCs receiving Lifeline support are responsible for any conduct by their agents or representatives that violates the Commission's rules.[19] In 2015, the Commission revised sections 54.404 and 54.410 of its rules to require that all ETCs retain documentation demonstrating subscriber income-based or program-based eligibility for participation in the Lifeline program for the purposes of production during audits or investigations or to the extent required by NLAD processes, including the dispute resolution processes that require verification of identity, address, or age of subscribers.[20] Pursuant to section 54.417(a), an ETC must maintain records to document its compliance with all Lifeline rules.[21]

9. *Form 497.* Prior to the 2018 data months, ETCs used the FCC Form 497 (Form 497) to request reimbursement from the Fund.[22] An ETC filed a Form 497 for each study area code (SAC) in which it provides Lifeline services.[23] On the Form 497, an ETC multiplied the number of its subscribers by the applicable Lifeline support amount to determine the total Lifeline support amount for the SAC. Upon request, an ETC must provide to USAC or the Commission any additional supporting information, including enrollment documents and applicable subscriber data.[24] For example, an ETC may be required to provide the list of subscribers (Subscriber List) for which the ETC sought Lifeline support on its Form 497.[25] An ETC may file a revised Form 497 within 12 months after the form has been submitted.[26]

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[16] *Id.*

[17] *Id.*

[18] 47 CFR § 54.410(a).

[19] *Lifeline and Link Up Modernization and Reform*, WC Docket No. 11-42, Order, 28 FCC Rcd 9057 (WCB 2013); FCC Enforcement Advisory, 28 FCC Rcd 9022 (EB 2013).

[20] *See Lifeline Link Up Reform and Modernization et al.*, Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order, 30 FCC Rcd 7818, 7894-95, paras. 231-32 (2015); 47 CFR § 54.404(b)(11) (2015) (providing that ETCs "must securely retain subscriber documentation that the ETC reviewed to verify subscriber eligibility, for the purposes of production during audits or investigations . . . which require, *inter alia*, verification of eligibility, identity, address, and age") and 47 CFR § 54.410(b)(1)(ii) (2016) (providing that ETCs "[m]ust securely retain copies of documentation demonstrating a prospective subscriber's income-based eligibility for Lifeline consistent with § 54.417"); 47 CFR § 54.410(c)(1)(ii) (2016) (providing that ETCs "[m]ust securely retain copies of the documentation demonstrating a subscriber's program-based eligibility for Lifeline consistent with § 54.417"); *Wireline Competition Bureau Announces Effective Dates of Lifeline Rules Following Approval by the Office of Management and Budge*t, Public Notice, 33 FCC Rcd 197 (WCB Jan. 15, 2016) (providing that the rule changes would become effective on or after February 4, 2016).

[21] 47 CFR § 54.417(a). ETCs must keep records required pursuant to sections 54.404(b)(11), 54.410(b), 54.410(c), 54.410(d), and 54.410(f) for "as long as the subscriber receives Lifeline service from the ETC, but for no less than the three full preceding calendar years." *Id.*

[22] *See* Lifeline Worksheet, FCC Form 497, OMB Approval 3060-0819 (Form 497), http://www.usac.org/li/tools/forms/default.aspx (last visited Oct. 23, 2018). ETCs submit Lifeline reimbursement requests through USAC's Lifeline Claims System. *See Wireline Competition Bureau Provides Guidance on the Lifeline Reimbursement Payment Process Based on NLAD Data*, Public Notice, 33 FCC Rcd 128 (WCB Jan. 10, 2018); USAC Website, Receive Reimbursement Payment, https://www.usac.org/li/program-requirements/receive-payment/default.aspx (last visited July 10, 2018).

[23] *Id.*

[24] *Id.*

[25] *See* 47 CFR § 54.404(b)(6) (providing that ETCs "must transmit to the Database in a format prescribed by the Administrator each new and existing Lifeline subscriber's full name; full residential address; date of birth and the

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10. Consistent with section 54.403 and 54.407 of the Commission's rules, on the Form 497, an ETC must certify that (1) it will pass through "the full amount of all . . . Lifeline support for which it seeks reimbursement . . . to all qualifying low-income subscribers," and (2) it is in compliance with all of the Lifeline program rules.[27] An officer of the ETC must certify under penalty of perjury that "the data contained in this form has been examined and reviewed and is true, accurate, and complete" and persons willfully making false statements on this form can be punished by fine or imprisonment."[28]

11. *De-enrollment.* If a subscriber becomes ineligible for the Lifeline benefit, the ETC must de-enroll that subscriber from the Lifeline program. An ETC must de-enroll a subscriber from its Lifeline program if the ETC "has a reasonable basis to believe that the subscriber no longer meets" the eligibility criteria.[29] An ETC must also de-enroll a subscriber if it receives notice from USAC to do so.[30] Upon notification that a subscriber is receiving Lifeline service from another ETC or that more than one member of a subscriber's household is receiving Lifeline service, an ETC must "de-enroll the subscriber from participation in the carrier's Lifeline program within five business days" and the ETC "shall not be eligible for Lifeline reimbursement for any de-enrolled subscriber following the date of that subscriber's de-enrollment."[31] Additionally, under the rules in effect prior to December 2, 2016, pursuant to sections 54.405(e)(3) and 54.407(c)(2), an ETC must de-enroll and not seek Lifeline support for a subscriber if the subscriber fails to use[32] the Lifeline-supported service within 60 consecutive days and does not cure its non-usage during the 30-day notice period.[33] Finally, pursuant to 54.405(e)(5),"if an [ETC] receives a request from a subscriber to de-enroll, it must de-enroll the subscriber within two business days after the request."[34]

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last four digits of the subscriber's Social Security number or Tribal Identification number, if the subscriber is a member of a Tribal nation and does not have a Social Security number; the telephone number associated with the Lifeline service; the date on which the Lifeline service was initiated . . .").

[26] *See Lifeline Reform Order*, 27 FCC Rcd at 6788, para. 305.

[27] 47 CFR §§ 54.403(a)(1), 54.407(d). *See* Form 497.

[28] *See* 47 CFR § 54.407(d); Form 497.

[29] 47 CFR § 54.405(e)(1) (de-enrollment generally). When an ETC de-enrolls a subscriber, it must transmit to NLAD "the date of Lifeline service de-enrollment within one business day of de-enrollment." *See* 47 CFR § 54.404(b)(10).

[30] 47 CFR § 54.405(e)(2).

[31] *Id.*

[32] *See* 47 CFR §§ 54.407(c)(2)(i)-(v) (providing, "[a]ny of these activities, *if undertaken by the subscriber*, will establish 'usage' . . . [c]ompletion of an outbound call or usage of data; purchase of minutes or data from the [ETC] . . . answering an incoming call from a party other than the [ETC] . . . responding to direst contract from the [ETC] . . . sending a text message" (emphasis added)).

[33] 47 CFR § 54.405(e)(3) (de-enrollment for non-usage) (2014); *see also* 47 CFR § 54.407(c) (providing that after service activation, an ETC "shall only continue to receive universal service support . . . for . . . service provided to subscribers who have used the service in within the last 60 days"). Effective December 2, 2016, the Commission amended its non-usage requirement, indicating, "we find it appropriate at this time to shorten the non-usage period from 60 to 30 days, along with a corresponding reduction in the time allotted for service providers to notify their subscribers of possible termination from 30 to 15 days." *See Lifeline Reform*, Third Report and Order, 31 FCC Rcd at 4115, para. 415. *See* 47 CFR §§ 54.405(e)(3), 54.407(c) (2016).

[34] 47 CFR § 54.405(e)(5).

B. Relevant Entities

12. *American Broadband & Telecommunications Company*. American Broadband is a Delaware corporation, headquartered in Toledo, Ohio.[35] American Broadband "provides telecommunication services including local and long-distance telephone service and dial-up and broadband internet access to residential and commercial customers located primarily in rural areas."[36] Among other things, American Broadband is a wireless reseller.[37]

13. American Broadband is an ETC, designated by states/territories to provide Lifeline service in Arizona, Colorado, Georgia, Hawaii, Illinois, Indiana, Kentucky, Maryland, Michigan, Minnesota, Missouri, Nevada, Ohio, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, Utah, West Virginia, and Wisconsin.[38] Since 2014, American Broadband has received more than $81.9 million in federal USF Lifeline support.[39]

1. The Company's Ownership and Management

14. *Jeffrey Ansted*. Jeffrey Ansted is the sole corporate officer and shareholder of American Broadband[40] and serves as the Company's president and Chief Executive Officer (CEO).[41] As the president and CEO, Jeffrey Ansted signed and certified American Broadband's Forms 497 and 498.[42]

15. Ansted is also the managing member of Glenmore-Tuscarauras Partners, (Glenmore-Tuscarauras), a limited liability company organized under the laws of Delaware.[43] In December 2015, Jeffrey Ansted contracted to purchase a fixed wing multi-engine aircraft (private plane) on behalf of Glenmore-Tuscarauras.[44]

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[35] *See* Letter from Kelley Drye & Warren LLP, Counsel for American Broadband, to USF Strike Force, FCC, at 3 and Enclosure (May 25, 2017) (May 25 LOI Response). American Broadband "was formed in March 2003 and began providing services in 2004." *See* American Broadband, Financial Statements and Supplementary Information with Independent Accountant's Review Report, December 21, 2015 and 2014 at 9 (dated Apr. 1, 2016) (2015 Financial Statements); *see also* Letter from Loyaan Egal, Enforcement Bureau, FCC, to Jeffrey S. Ansted, President, American Broadband, and Kelley Drye & Warren LLP, Counsel for American Broadband (Apr. 25, 2017) (LOI); Certificate of Incorporation, American Broadband and Telecommunications Company at ABTC 58-000002.

[36] 2015 Financial Statements at 9. On its Form 498, American Broadband described its principal communications type as "competitive access provider/competitive local exchange carrier." *See* American Broadband FCC Form 498 (dated Mar. 5, 2010).

[37] Petition of American Broadband Telecommunications Company for Limited Designation as an Eligible Telecommunications Carrier in Alabama, Connecticut, Delaware, the District of Columbia, Florida, New Hampshire, New York, North Carolina, Tennessee, Texas and Virginia, WC Docket No.09-197 (dated June 6, 2013) at 2 (American Broadband FCC ETC Petition).

[38] *See id.* at 4-5; May 25 LOI Response at 3.

[39] *See* USAC Funding Disbursement Search Tool at, https://www.usac.org/li/tools/disbursements/default.aspx (last visited Mar. 28, 2018).

[40] *See* 2015 Financial Statements at 9.

[41] May 25 LOI Response at 2.

[42] *See, e.g.*, American Broadband, FCC Form 498 (dated Mar. 5, 2010); American Broadband, Form 497, SAC 309010, Ohio, data month Jan. 2014 (dated Feb. 5, 2014). *See supra* note 6; Appendix A.

[43] *See* Subpoena Response, [redacted] Bank, on file in EB-IHD-17-00023554 (indicating that the company is managed by "members" and listing only Jeffrey Ansted as manager).

[44] *See* Subpoena Response, [redacted] Bank, on file in EB-IHD-17-00023554. Jeffrey Ansted titled and registered the jet in Glenmore-Tuscarauras's name. American Broadband leased the jet from Glenmore-Tuscarauras. *See* Federal Aviation Administration's website at, http://registry.faa.gov/aircraftinquiry/NNum_Results.aspx?NNumbertxt=N254AB (last visited Oct. 23, 2018)

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16. *The Company's Management*. The following individuals held the job title of director at American Broadband during the stated period:

- [redacted] ([redacted]), Director of Sales and Marketing (January 2013 – December 2015), then, Vice President of Operations (January 2016 – at least May 25, 2017)
- [redacted] ([redacted]), Director of Operations (April 2013 – August 2014), then, Director of Wireline Operations (August 2014 – at least May 25, 2017);
- [redacted] ([redacted]), Operations Manager – Lifeline (April 2013 – August 2014), then, Director of Wireless Operations (August 2014 – at least May 25, 2017);
- [redacted] ([redacted]), Director of Customer Service (April 2013 – at May 2017);
- [redacted] ([redacted]), Director of Finance (April 2013 – October 2014);
- [redacted] ([redacted]), Director of Sales and Marketing (December 2015 – July 2016), then, Director of Wireless Sales and Compliance (July 2016 – at least May 25, 2017).[45]

2. American Broadband's Master Agents

17. American Broadband contracted with master agents who enrolled consumers into the Lifeline program. The master agents were based in different regions and territories throughout the Company's designated service area. The master agents employed individual sales agents/subagents who dealt directly with customers and performed the Lifeline enrollments for the Company.[46] American Broadband had access to the enrollments performed by the sales agents and maintained the subscriber's records.

18. In the agreements between American Broadband and its master agents, among other terms, American Broadband and the master agents agreed: (1) [redacted], (2) [redacted], and (3) "[redacted]."[47] According to the terms of the agreements, the master agents were paid on commission.[48] In the

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(registering a "fixed wing multi-engine aircraft" owned by Glenmore Tuscarauras and listing the company's address as 1 Seagate Suite 600, Toledo OH as the company's address, which is also American Broadband's address).

[45] *See* LOI, Inquiry No. 1 (requesting a list of the Company's officers and directors); May 25 LOI Response at 2-3 (identifying individuals holding the title of director).

[46] Based on the record in this case, the master agents apparently established the terms of employment, including the compensation of their subagents.

[47] *See, e.g.*, Letter signed by [redacted], Director of Sales, American Broadband, and [redacted] (Nov. 11, 2015) at ABT-OIG02094205 ([redacted] Agreement); Letter from [redacted], Director of Sales, American Broadband Telecommunications, to [redacted] (Jan. 26, 2016) at ABT-OIG02129484 ([redacted] Agreement); Letter signed by [redacted], American Broadband, and [redacted], [redacted] (Feb. 22, 2016) at ABT-OIG02130373 ([redacted] Agreement); Letter signed by [redacted], American Broadband, and [redacted], [redacted] (Jan. 29, 2016) at ABT-OIG02125986 ([redacted] Agreement); Letter signed by [redacted], American Broadband, and [redacted], [redacted] (Jan. 26, 2016) at ABT-OIG02140021 ([redacted] Agreement); Letter signed by [redacted], American Broadband, and [redacted] (Mar. 9, 2016) at ABT-OIG-02094613.

[48] *See, e.g.*, [redacted] Agreement (providing [redacted]); [redacted] Agreement (providing [redacted]"); [redacted] Agreement (providing "[redacted]

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agreements, American Broadband did not define the term master agent or establish guidelines to be used by the agents for enrolling subscribers into its Lifeline program or further articulate what was meant by "[redacted]."[49] The agreements did not reference FCC rules or USAC and showed minimal compliance practices established by the Company.[50] By October 2016, American Broadband had contracted with dozens of master agents and with their subagents, and the master agents enrolled most of American Broadband's Lifeline customers.[51]

19. [redacted]. American Broadband had a relationship with [redacted] ([redacted]) by at least November 2013.[52] In a letter dated November 25, 2013, American Broadband identified [redacted] as an "[redacted]" and indicated that his region would include the Grand Rapids, Kalamazoo, Battle Creek, and Muskegon areas in Michigan.[53] American Broadband and [redacted] signed an "[redacted]" on February 22, 2016, in which American Broadband identified [redacted] as a "[redacted]."[54] [redacted] enrolled thousands of Lifeline customers for American Broadband and based on Company records, he served as master agent for the Company until at least October 2016.[55]

20. [redacted]. [redacted] ([redacted] or [redacted]) was the owner of [redacted] ([redacted]).[56] American Broadband entered into several different agreements with [redacted] including an agreement signed on May 20, 2014.[57] A few months later, the Company reviewed [redacted] Lifeline enrollments. Following the review, [redacted] reported to Jeffrey Ansted that, "[redacted]" and [redacted]"[58] On January 7, 2015, [redacted] e-mailed Jeffrey Ansted, stating

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[redacted]"); [redacted] Agreement (providing [redacted]); [redacted] Agreement (providing "[redacted]").

[49] *Id.*

[50] *Id.*

[51] E-mail from [redacted], American Broadband to [redacted] et al., American Broadband (Oct. 28, 2016, 11:31 a.m.) ([redacted]) at ABT-OIG00193067. *See also* E-mail from [redacted], President, [redacted], to [redacted], American Broadband (May 11, 2016, 4:32 p.m.) (attaching a Master Agent Agreement for [redacted]) at ABT-OIG00021812.

[52] Letter from [redacted], American Broadband, to [redacted], [redacted] (Nov. 25, 2013) at ABT-OIG02140683. American Broadband communicated to [redacted], "[redacted]." *Id.*

[53] *Id.*

[54] Letter signed by [redacted], American Broadband and [redacted], [redacted] (Feb. 22, 2016) at ABT-OIG-02130373.

[55] E-mail from [redacted], American Broadband, to [redacted] et al., American Broadband (Oct. 28, 2016, 11:49 a m.) at ABT-OIG00193067.

[56] [redacted] Agreement.

[57] American Broadband & Telecommunications Retail Partner Agreement with [redacted], signed by [redacted] (May 20, 2014) at ABT-OIG02125986. In the agreement, [redacted] and the Company agreed that [redacted] "[redacted]" American Broadband's wireless telecommunication services ("[redacted]") to [redacted]'s customers. *Id. See also* [redacted] Agreement.

[58] E-mail from [redacted], American Broadband, to Jeffrey Ansted, American Broadband (Aug. 5, 2014, 8:32 p.m.) at ABT-OIG00005867. [redacted] wrote, "[redacted]

(continued)

[redacted]"[59] On January 29, 2016, American Broadband entered into another agreement with [redacted], referring to him as a "[redacted]" and indicating that his regional focus was Dearborn, Michigan.[60]

21. In March 2016, Jeffrey Ansted inquired about [redacted], and in response, [redacted] forwarded to Jeffrey Ansted an e-mail he had sent to [redacted] earlier that same day.[61] In the e-mail, [redacted] communicated to [redacted], [redacted]."[62] [redacted] wrote, "[redacted]," and "[redacted]."[63] Based on Company records, [redacted] continued as a master agent for American Broadband until at least September 2016.[64]

22. *Other Master Agents*. American Broadband also entered into agreements with: (1) [redacted], for [redacted] to represent the Company in southern Indiana;[65] (2) [redacted], with

(Continued from previous page)

[redacted]." *Id.*

With respect to TPIV, *see Bridging the Digital Divide for Low-Income Consumers, Lifeline and Link Up Reform and Modernization*, 32 FCC Rcd 10475 (2017) ("An NLAD denial occurs when a subscriber fails one of the protective checks contained in the NLAD system. For example, if USAC's automated identity check rejects a consumer's application, that consumer may produce documentation verifying their identity, because the databases that are available to automatically verify identity are not comprehensive. A Lifeline subscriber may dispute an NLAD denial by submitting the appropriate documentation to the ETC. The ETC then reviews the documents, verifies the information at issue in the dispute, and processes the dispute resolution with USAC."); USAC's website, National Lifeline Accountability Database: Dispute Resolution, https://usac.org/li/tools/nlad/dispute-resolution/default.aspx (last visited May 11, 2017).

[59] E-mail from [redacted], American Broadband, to Jeffrey Ansted, American Broadband (Jan. 7, 2015, 2:50 p m.) at ABT-OIG00002501.

[60] [redacted] Agreement.

[61] [redacted] wrote, "[redacted]." E-mail from [redacted], American Broadband, to Jeffrey Ansted, American Broadband (Mar. 22, 2016, 5:19 p.m.) at ABT-OIG00004065.

[62] *Id.*

[63] *Id.* In the e-mail, [redacted] communicated that the agent profiles would "[redacted]." He listed examples of name and information changes—[redacted]," and "[redacted]." *Id.* He wrote, [redacted]" *Id.*

[64] E-mail from [redacted], American Broadband, to [redacted] et al., American Broadband (Oct. 28, 2016, 11:49 a m.) at ABT-OIG00193067.

[65] Letter between American Broadband and [redacted] (Nov. 4, 2015) at ABT-OIG02094184. *See* E-mail from [redacted], Vice-President of Operations American Broadband, to [redacted], Director of Sales, American Broadband (Sep. 22, 2016) (providing a list of 16 individuals/entities, attaching agent agreements for those individuals/entities and inquiring if there was anyone not on the list that would be considered a Master Agent) at ABT-OIG02094178.

[redacted] representing the company in Chicago, Illinois;[66] (3) [redacted] to be "[redacted]" for American Broadband's phones in Puerto Rico;[67] (4) [redacted] with primary regional focus in Harvey, Indiana and East Chicago, Illinois;[68] (5) [redacted] as a "[redacted]" with primary regional focus in Kentucky, Ohio, Wisconsin, and South Carolina;[69] and (5) [redacted] with primary regional focus in Dayton, Ohio.[70] [redacted], [redacted], [redacted], [redacted], [redacted], and [redacted] continued to serve as agents for American Broadband until at least September 2016.[71]

C. American Broadband Admitted that it Received Overpayments from the Fund

23. American Broadband stated that it began a review of its subscriber lists in early June 2016, after Jeffrey Ansted read letters from then-Commissioner Pai (Pai) to USAC that detailed what Pai characterized as fraud and abuse in the Lifeline program.[72] American Broadband stated that, as a result of its internal investigation, the Company engaged Murphy Consulting (Murphy) on or about June 9, 2016 to analyze the Company's "[redacted]."[73] Beginning on June 15, 2016, Jeffrey Ansted and Murphy communicated concerning the creation of a software program to help detect duplicate Lifeline subscribers within American Broadband's subscriber database.[74] Subsequently, beginning on August 5, 2016,[75] [redacted] also communicated with Murphy to analyze the Company's subscriber data related to issues later reported by American Broadband to the Commission.[76]

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[66] Letter from [redacted], American Broadband, to [redacted] (Mar. 7, 2016) at ABT-OIG02052436.

[67] [redacted] Agreement.

[68] Letter signed by [redacted], American Broadband, and [redacted] (Jan. 26, 2016) (providing that in order to remain an "[redacted]," [redacted] "[redacted]") at ABT-OIG02151775 ([redacted] Agreement).

[69] [redacted] Agreement.

[70] [redacted] Agreement.

[71] E-mail from [redacted], American Broadband, to [redacted], et al., American Broadband (Oct. 28, 2016, 11:49 a m.) at ABT-OIG00193067. *See* Letter from Kelley Drye & Warren LLP, Counsel for American Broadband, to Eric Phelps, FCC (July 12, 2018) (Agent Terminations Attachment) at ABT-OIG02187797.

[72] May 25 LOI Response at 18 (stating that it decided to conduct a proactive check of its subscriber lists).

[73] *Id.* American Broadband indicated that Murphy provided its initial results of its comparison in early August 2016. *See* E-mail from Jeffrey Ansted, CEO, American Broadband, to Murphy Software Consulting, Inc. (June 9, 2016, 11:33 a m.).

[74] *See, e.g.*, E-mail from Murphy Consulting to Jeffrey Ansted, CEO, American Broadband (Jun. 15, 2016, 3:53 p.m.); E-mail from Jeffrey Ansted, CEO, American Broadband, to Murphy Software Consulting, Inc. (July 8, 2016, 5:34 p.m.); E-mail from Murphy Software Consulting, Inc. to Jeffrey Ansted, CEO, American Broadband (Dec. 19, 2016, 2:55 p.m.).

[75] *See, e.g.*, E-mail from [redacted], Director of Wireless Operations, American Broadband, to Murphy Software Consulting, Inc. (Aug. 5, 2016, 10:52 a.m.); E-mail from [redacted], Director of Wireless Operations, American Broadband, to Murphy Software Consulting, Inc. (Aug. 8, 2016, 2:09 p.m.); E-mail from Murphy Software Consulting, Inc. to [redacted], Director of Wireless Operations, American Broadband (Aug. 9, 2016, 7:58 p.m.); E-mail from [redacted], Director of Wireless Operations, American Broadband, to Murphy Software Consulting, Inc. (Aug. 24, 2016, 10:39 a.m.); E-mail from [redacted], Director of Wireless Operations, American Broadband, to [redacted], MSCI Murphy Software Consulting, Inc. (Aug. 24, 2016, 11:06 a.m.); E-mail from Murphy Software Consulting, Inc., to [redacted], Director of Wireless Operations, American Broadband (Aug. 24, 2016, 1:12 p.m.), E-mail from [redacted], Director of Wireless Operations, American Broadband, to Murphy Software Consulting, Inc. (Aug. 24, 2016, 4:22 p.m.); E-mail from [redacted], Director of Wireless Operations, American Broadband, to Murphy Software Consulting, Inc. (Aug. 29, 2016, 11:20 a.m.).

[76] American Broadband stated that it provided Murphy with Excel spreadsheets containing the entire history of benefit transfers from NLAD for each state, as well as the subscriber disconnect dates in the Company's database, (continued)

24. On August 17, 2016, the Commission's Office of the Inspector General (OIG) issued a subpoena to American Broadband.[77] On August 26, 2016, American Broadband notified the Commission's Wireline Competition Bureau (WCB) that it had identified three issues that caused it to receive overpayments from the Fund.[78]

25. Based on records obtained from BeQuick, on August 29, 2016, American Broadband contacted BeQuick, seeking assistance with an immediate de-enrollment of certain Lifeline subscribers.[79] BeQuick is a third-party software vendor and American Broadband used BeQuick's Fusion Software (Fusion) to maintain the Company's Lifeline subscriber accounts. The Company instructed BeQuick to conduct an automated de-enrollment of approximately [redacted] subscribers from its Lifeline program.[80] BeQuick performed the automated de-enrollment of the subscribers on August 31, 2016.[81]

26. By letter dated September 16, 2016 (Sept. 16 Letter), American Broadband explained to WCB that during "[redacted]," it had "[redacted]" related to (1) removal of subscribers who had benefits transferred to other Lifeline services providers from the Company's subscriber lists (benefit transfers issue); (2) "[redacted]" (non-usage issue); and (3) removal of subscribers subject to "[redacted]" (process and processing issue) (hereinafter, collectively, Admissions).[82] American Broadband explained, that as a result of these issues, it owed to the Fund $[redacted].[83]

27. In its Sept. 16 Letter, American Broadband sought approval for a repayment plan that included: (1) [redacted]," (2) [redacted], and (3) [redacted]."[84] [redacted]"[85] It stated, "[redacted]," it had

(Continued from previous page)
which Murphy Consulting used to calculate how many months benefit transfer subscribers had been erroneously claimed. American Broadband stated that it provided Murphy with Excel spreadsheets containing subscribers' usage data, including subscribers' last usage dates, which Murphy used to calculate how many months non-usage subscribers were claimed erroneously. It stated that Murphy conducted a comparative analysis of the phone numbers in American Broadband's database against the phone numbers active under the Company's SACs in NLAD and from this analysis, Murphy determined the categories of subscribers that should not have been claimed on American Broadband's Forms 497. May 25 LOI Response at 17. American Broadband used the analyses conducted by Murphy Consulting to calculate the months that it erroneously claimed subscribers and the resulting overpayment amount.

[77] The Office of Inspector General has been conducting a separate but parallel investigation of America Broadband. To reduce the burden of investigation on the Company, information was shared between the OIG and EB when possible.

[78] *See* Letter from Kelley Drye & Warren LLP, Counsel for American Broadband, to Ryan Palmer, Telecommunications Access Policy Division, FCC (Sept. 16, 2016) (referencing the August 26, 2016 conversation) (Sept. 16 Letter).

[79] E-mail from [redacted], American Broadband, to [redacted], BeQuick Software (Aug. 29, 2016).

[80] *Id.*

[81] E-mail from [redacted], BeQuick Software, to [redacted], American Broadband (Aug. 30, 2016).

[82] Sept. 16 Letter at 1.

[83] *Id.* at Attachment.

[84] *Id.* at 2.

[85] *Id.*

"[redacted]."[86] It maintained that on its August 2016 Form 497, it had removed all subscribers "[redacted]."[87]

28. By letter dated September 23, 2016, American Broadband provided additional details to WCB concerning the three issues (benefit transfers, non-usage, and process/processing) which had caused the Company to receive overpayments from the Fund.[88] First, with respect to benefit transfers, American Broadband indicated that, [redacted]," [89] but it "[redacted]."[90] To resolve this issue, American Broadband stated that "[redacted]" and it had removed the associated subscribers from the Company's active subscriber list.[91]

29. Second, with respect to removal of subscribers who should have been terminated for non-usage from the Company's subscriber lists, American Broadband stated that it resolved with BeQuick that, for usage monitoring, the vendor would not consider voice mail to qualify as usage.[92] American Broadband also stated that "[redacted]."[93]

30. Third, the Company detailed nine sub-issues relating to its failure to remove other ineligible subscribers from its Lifeline reimbursement claims and corrective action it took to resolve each issue.[94] American Broadband described the following nine sub-categories of what it described as process and processing issues: (1) [redacted], (2) [redacted], (3) [redacted] (4) [redacted][95], (5) [redacted]," (6) [redacted]

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[86] *Id.*

[87] *Id.*

[88] Letter from Kelley Drye & Warren LLP, Counsel for American Broadband & Telecommunications Company, to Ryan Palmer, Telecommunications Access Policy Division, FCC (dated Sept. 23, 2016) (Sept. 23 Letter).

[89] *Id.* at 1. With respect to BeQuick, American Broadband stated:

> [redacted].
> May 25 LOI Response at 15.

[90] Sept. 23 Letter at 2 (providing, "[redacted]").

[91] *Id.* *See supra* para. 7.

[92] *Id.* American Broadband explained that the "[redacted]" with BeQuick [redacted]" *Id.* American Broadband stated that additional process changes [redacted]." *Id.*

[93] *Id.* at 2.

[94] Sept. 23 Letter at 2-4.

[95] MDN stands for Mobile Directory Number.

[redacted] ” (7) [redacted] ” (8) [redacted] , and (9) [redacted] ”[96] American Broadband described process changes it had implemented to address each issue.[97]

31. By letter dated December 21, 2016, USAC requested further information, along with a demand for repayment of the improperly disbursed Lifeline support.[98] Among other things, USAC asked American Broadband to provide a full accounting of how it concluded that it has received an estimated $[redacted] overpayment.[99] USAC informed the Company that beginning with its January 2017 filing, it must provide Subscriber Lists for each Form 497.[100]

32. American Broadband responded to USAC on January 19, 2017.[101] [redacted] .[102] [redacted] .[103]

33. On March 16, 2017, counsel for American Broadband represented to USAC that [redacted] .”[104]

34. Subsequently, American Broadband stated that [redacted]

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[96] Sept. 23 Letter at 2-4.

[97] *Id.*

[98] Letter from Michelle Garber, Vice President, Lifeline Division, USAC, to Jeffrey S. Ansted, President, American Broadband (Dec. 21, 2016) (Demand Letter).

[99] *Id.* at 2.

[100] *Id.*

[101] Letter from John Heitmann, Kelley Drye & Warren LLP, Counsel for American Broadband, to Michelle Garber, Vice President, USAC (Jan. 19, 2017) (Jan. 19 USAC Response).

[102] *Id.* at 4.

[103] *Id.* at 6 (explaining that “[redacted] ,” its original calculation included “[redacted] ” and “[redacted] ,” it had included subscribers “[redacted] ”).

[104] E-mail from John Heitmann, Kelley Drye & Warren LLP, Counsel for American Broadband, to Michelle Garber, Vice President, Lifeline Division, USAC (Mar. 26, 2017, 7:04 p m.).

[redacted].[105] American Broadband stated that, [redacted]

III. THE COMMISSION'S INVESTIGATION

35. On April 25, 2017, the Enforcement Bureau (Bureau) sent a LOI to American Broadband, initiating an investigation into whether American Broadband violated any of the Commission's rules governing the Lifeline program.[106] Among other things, the Bureau sought information on (1) the Company, (2) its admissions regarding overpayments from the Fund, (3) its policies and procedures related to the Lifeline program, and (4) its compliance with the Commission's rules governing the Lifeline program.[107] Additionally, the Bureau requested the Subscriber Lists for each Form 497 for the period January 1, 2014 through December 31, 2016.[108]

36. As discussed in detail below and based on the evidence developed in this case, American Broadband apparently violated several provisions of the Commission's rules when it: (1) created ineligible Lifeline accounts, (2) failed to de-enroll ineligible Lifeline subscribers, and (3) filed Forms 497 repeatedly, improperly seeking Lifeline support. American Broadband's president repeatedly, improperly certified that the Company was in compliance with the Commission's rules governing the Lifeline program.

A. American Broadband had Problems with its Lifeline Enrollments

37. In its Admissions, American Broadband indicated that it had discovered some "[redacted]."[109] Among other things, within this subcategory of issues, the Company listed issues related to: (1) TPIV, (2) duplicate enrollments, (3) backslashes added to subscribers' names, and (4) the completion of orders for individuals that did not exist in NLAD.[110] Based on American Broadband's description of its "[redacted]," the Company apparently had problems

[105] May 25 LOI Response at 19.

[106] *See* LOI (providing "[t]his LOI constitutes an order of the Commission to produce the documents requested herein").

[107] *Id.*

[108] LOI at 6. American Broadband originally produced Subscriber Lists to the Commission on July 17, 2017 and provided a supplemental production on November 21, 2017. The Bureau later sought clarification from American Broadband on which Subscriber Lists corresponded with certain original or revised Forms 497. *See, e.g.*, E-mail from Dangkhoa Nguyen, Enforcement Bureau, FCC, to John Heitmann, Counsel for American Broadband, Kelley Drye Warren LLP (Feb. 12, 2018, 12:32 p m.); E-mail from Dangkhoa Nguyen, Enforcement Bureau, FCC, to John Heitmann, Counsel for American Broadband, Kelley Drye Warren LLP (Feb. 23, 2018, 2:17 p m.). *See* E-mail from John Heitmann, Kelley Drye Warren LLP, Counsel for American Broadband, to Dangkhoa Nguyen, Enforcement Bureau, FCC (Feb. 28, 2018, 2:13 p.m.). On March 9, 2018, American Broadband identified (by date and Bates number) which Subscriber Lists were relevant to the Forms 497 (original or revised). *See* Letter from John Heitmann, Counsel for American Broadband, Kelley Drye Warren LLP, to Dangkhoa Nguyen, Enforcement Bureau, FCC (Mar. 9, 2018). On April 13, 2018, American Broadband provided additional information relating to a November 2016 Form 497 revision for data month August 2016. *See* E-mail from John Heitmann, Counsel for American Broadband, Kelley Drye Warren LLP, to Dangkhoa Nguyen, Enforcement Bureau, FCC (Apr. 13, 2018).

We note that for certain data months, the Company provided only a list of phone numbers within a particular state; such information is insufficient to constitute a Subscriber List. *See* 47 CFR § 54.404(b)(6). Thus, when such a list was provided and necessary for analysis, the Bureau relied on the filing for the data month which contained the requisite subscriber information. In these instances, therefore, the Bureau relied on the original filing, despite the fact that the Company indicated that it had filed a Form 497 revision. As indicated by the above-referenced communications from the Company, American Broadband had many opportunities to submit the relevant data.

[109] Sept. 23 Letter at 1.

[110] *Id.* *See supra* para. 30.

with enrolling ineligible subscribers into the Lifeline program. Despite the Company's claims that BeQuick was responsible for many of its enrollment issues, American Broadband apparently hired and retained agents who engaged in conduct designed to bypass Lifeline rules and procedures. Additionally, as discussed in detail below, even after American Broadband had knowledge that certain of its Lifeline enrollments were improper, Jeffrey Ansted repeatedly certified the Company's compliance with the Commission's rules and the Company continued to seek Lifeline support for those enrollments.

38. In its 2012 Compliance Plan, American Broadband stated to the Commission:

> To safeguard against misuse of the Lifeline service plan, American Broadband will deal directly with the customer and collect initial and annual certifications . . . American Broadband will establish safeguards to prohibit more than one supported service for each household. . . . American Broadband will certify at the outset and will verify annually consumers' Lifeline eligibility in accordance with the Commission's requirements. American Broadband will enact the same stringent requirements of annual re-certification that it currently uses with its wireline Lifeline service offering. American Broadband will implement certification procedures that enable consumers to demonstrate their eligibility for Lifeline assistance by contacting American Broadband. . . . American Broadband understands and accepts the Commission's requirement that the Company have direct contact with all customers applying for participation in the Lifeline program . . . Processing of consumers' applications, including review of all application forms and relevant documentation will be performed under American Broadband's supervision by managers experienced in the administration of the Lifeline program. American Broadband will ensure that all required documentation is taken care of properly by using state-specific compliance checklists.[111]

Thus, among other things, American Broadband committed that managers experienced in the Lifeline program would review its Lifeline applications and other relevant documentation.

39. On August 1, 2014, the Company's Director of Wireless Operation and the director of Sales and Marketing discussed a new position—"[redacted]."[112] Based on the job description, the wireless operations analyst would be responsible for [redacted]"[113] It is unclear whether American Broadband filled that particular position, however; by December 2015, [redacted], a wireless operations technician, already employed within the Company, began reviewing inbound orders from agents/subagents;[114] she e-mailed to American Broadband management "[redacted]" and/or reports of issues spotted relating to new enrollments.[115] Based on evidence developed in this case, from at least January 2016 through July 2016, [redacted] served as the primary reviewer of American Broadband's Lifeline enrollment applications; her review consisted mainly of reviewing individual applications and identification documents. With respect to its commitments to compliance, as stated in its Compliance Plan, American Broadband's managers apparently did not consistently or thoroughly review the

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[111] American Broadband & Telecommunications Revised Compliance, WC Docket Nos. 09-197 and 11-42 (Apr. 27, 2012) at p.5-7 (Compliance Plan).

[112] E-mail from [redacted], Director of Wireless Operations, American Broadband, to [redacted], Director of Sales and Marketing, American Broadband (Aug. 1, 2014, 9:37 a.m.) at ABT-OIG02061921, ABT-OIG02061922 (Attachment, "[redacted]" Job Description).

[113] *Id.*

[114] *See* E-mail from [redacted], Wireless Operations Technician, American Broadband, to [redacted], American Broadband (Dec. 17, 2015) at ABT-OIG01298871.

[115] *Id.*

applications, consumer identifications, or program eligibility documentations for its Lifeline enrollments, as required by the Commission's rules.[116]

40. On January 25, 2016, [redacted] sent an e-mail with an attachment entitled: "[redacted]" to the Company's Director of Wireless Operations.[117] In the e-mail, [redacted] wrote: [redacted]."[118] [redacted] detailed, "[redacted]," and "[redacted]."[119] [redacted] also indicated, "[redacted]."[120]

41. On February 22, 2016, [redacted] sent an e-mail to [redacted] with the subject line "[redacted]," in which she discussed agents using "[redacted]."[121] She indicated that, among other things, agents were "[redacted]" where, "[redacted]"[122] Additionally, she noted, [redacted]."[123]

42. At some point in 2016, [redacted] became the Company's compliance manager.[124] [redacted] communicated with members of the Company's management team concerning the Company's Lifeline enrollments, including the agents' practices until at least November 2016.[125]

1. American Broadband's Agents Apparently Engaged in Conduct Designed to Create Improper Lifeline Enrollments

43. As discussed below, [redacted] notified American Broadband of issues related to specific master agents and their subagents. [redacted] noted, among other things, that agents apparently: (1) manipulated names, dates of birth (DoB), and social security numbers (SSN); (2) enrolled "[redacted]" customers at certain addresses; (3) reused program eligible documents to enroll multiple individuals; and (4) enrolled deceased individuals.

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[116] *See* Appendix D.

[117] E-mail from [redacted], Wireless Operations Technician, American Broadband, to [redacted], American Broadband (Jan. 25, 2016, 4:12 p.m.) at ABT-OIG00123323.

[118] *Id.*

[119] *Id.* (brackets in original).

[120] *Id.*

[121] E-mail from [redacted], Wireless Operations Technician, American Broadband, to [redacted], American Broadband (Feb. 22, 2016, 12:25 p.m.) at ABT-OIG00123322.

[122] *Id.*

[123] *Id.*

[124] E-mail from [redacted], American Broadband, to [redacted], Compliance Manager, American Broadband (Oct. 3, 2016, 9:07 am) (requesting that [redacted] indicate her regular duties) at (ABT-OIG01300227). E-mail from [redacted], Compliance Manager, American Broadband, to [redacted], American Broadband (Oct. 3, 2016, 11:08 a m.) (replying, "[redacted]") at ABT-OIG01300226. As compliance manager, [redacted] supervised a team. *Id.; see* ABT-OIG0000002 (Employee List).

[125] *See, e.g.,* E-mail from [redacted], Compliance Manager, American Broadband, to [redacted], American Broadband (Nov. 28, 2016, 11:31 a m.) at ABT-OIG01300796.

a. Agents Created Duplicate Lifeline Accounts by Manipulating Names, DoBs, and SSNs

44. On December 17, 2015, [redacted] sent an e-mail to [redacted] with the subject line "[redacted]."[126] [redacted] detailed: "[redacted]"[127] In the attachment to the e-mail, [redacted] listed 34 pairs of accounts numbers, in which the identification information for a single customer had been used to create an account, then altered to create a second account, resulting in the creation of two Lifeline accounts.[128] As an example, with respect to one pair of accounts, [redacted] indicated that both accounts were in NLAD—"[redacted]."[129] In each instance, [redacted] indicated that the agent responsible for the second account worked for a [redacted] store, i.e., master agent [redacted].[130]

45. On February 19, 2016, [redacted] wrote, "[redacted]."[131] [redacted] wrote that a couple of the accounts listed "[redacted]" as the middle names.[132] [redacted] indicated, however, that she "[redacted]."[133] In the same e-mail, [redacted] also wrote that an agent of master agent [redacted] had "[redacted]."[134]

46. In the "[redacted]" for March 8, 2016, [redacted] notified [redacted] that approximately "[redacted]."[135] Referencing two different retail stores of master agent [redacted], [redacted] indicated that, "[redacted]" and "[redacted]."[136] She cited variation of names including, C[redacted] W[redacted], B[redacted] H[redacted], A[redacted] H[redacted], F[redacted] H[redacted], S[redacted] M[redacted], A[redacted] B[redacted], N[redacted] E[redacted], W[redacted] M[redacted], C[redacted] K[redacted], and M[redacted] A[redacted] S[redacted].[137]

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[126] E-mail from [redacted], American Broadband, to [redacted], American Broadband (Dec. 17, 2015, 11:35 a.m.) at ABT-OIG01298871.

[127] *Id.* (providing also, "[redacted]").

[128] *Id.* at "[redacted]" Attachment at ABT-OIG01298872.

[129] *Id.*

[130] *Id.*

[131] E-mail from [redacted], Wireless Operations Technician, American Broadband, to [redacted], American Broadband (Feb. 19, 2016, 9:06 a.m.) at ABT-OIG01298891.

[132] *Id.*

[133] *Id.*

[134] *Id.*

[135] E-mail from [redacted], American Broadband, to [redacted] and [redacted], American Broadband (Mar. 8, 2016, 9:25 a m.) at ABT-OIG00528811.

[136] *Id.*

[137] *Id.* The Bureau examined the Company's Subscriber Lists corresponding to its Forms 497 for data months July 2016 and August 2016 and determined that many of the same accounts that [redacted] had identified in the March 2016 e-mail were also included on these Subscriber Lists. *See* American Broadband Subscriber Lists, March 2016 (ABT-OIG00152137), July 2016 (ABT-OIG00152130), and August 2016 (ABT-OIG00529405). For example, on its data month July 2016 Subscriber List, the Company sought Lifeline support for: three different A[redacted] E[redacted] (all with the same four digits of the SSN and similar, or the same DoB), four different F[redacted] H[redacted] (all with the same DoB and last four digits of the SSN), and seven C[redacted] W[redacted]. On the Subscriber List for the Company's August 2016 Form 497, the Company included six sets (14 accounts) of enrollments for the accounts identified in [redacted] March 2016 e-mail (specifically, E[redacted], H[redacted], H[redacted], K[redacted], M[redacted], and M[redacted]).

47. In the same March 8, 2016 e-mail, [redacted] noted, for "[redacted]" accounts enrolled by an agent of master agent [redacted] the agent used "[redacted]."[138] She also alerted [redacted] and [redacted] that with respect to accounts created by a subagent of master agent [redacted], "[redacted]."[139]

48. On March 23, 2016, [redacted] sent an e-mail to Jeffrey Ansted with the subject line "[redacted]," attaching an Excel file with two worksheets that he and [redacted] had prepared, detailing the recent Lifeline enrollments.[140] In the file, [redacted] and [redacted] reviewed the enrollments of 11 master agents including master agents [redacted], [redacted], [redacted], [redacted], [redacted], [redacted], and [redacted].[141] According to the file, in less than three hours, one subagent of master agent [redacted] created 15 enrollments for customers all born in either 1946, 1947 or 1948, and other subagents added suffixes and backslashes to names.[142] Two subagents of master agent [redacted] enrolled 21 different customers who all had "[redacted]" as the last four digits of their SSN.[143] Subagents of master agents [redacted] and [redacted] added suffixes to names, or otherwise made minor changes to names to enroll the same customer more than once.[144] According to the file, subagents of master agent [redacted] added suffixes to names. Subagents of master agents, including [redacted] and [redacted] listed "[redacted]" as a DoB.[145] A subagent of master agent [redacted] apparently changed the day of birth (not the month or year) to enroll what appears to be the same person twice, as well as changed several letters in a first name to enroll the same individual twice. That same agent also enrolled himself at least twice, as well as, different variations of other customers with the same surname.[146]

49. The second worksheet in the file contained analysis of the March Two-Week Enrollment Audit. According to data contained in the file: (1) [redacted] percent of master agent [redacted] orders were "[redacted]," (2) [redacted] percent of master agent [redacted] orders were "[redacted]," and (3) [redacted] percent of the total orders placed in the two-week period were "[redacted]."[147]

50. On March 31, 2016, [redacted] indicated that one subagent of master agent [redacted], [redacted]."[148] In the same e-mail, [redacted] indicated that an agent of master

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[138] E-mail from [redacted], American Broadband, to [redacted] and [redacted], American Broadband (Mar. 8, 2016, 9:25 a m.) at ABT-OIG00528811 (listing S[redacted], J[redacted], and F[redacted] as names that appeared multiple times).

[139] *Id.*

[140] E-mail from [redacted], American Broadband, to Jeffrey Ansted, American Broadband (Mar. 23, 2016, 2:09 p.m.) at ABT-OIG00057088, and Attachment at ABT-OIG00057089 (March Two-Week Enrollment Audit).

[141] *Id.*

[142] *Id.*

[143] *Id.*

[144] *Id.*

[145] *Id.*

[146] *Id.* *See also* E-mail from [redacted], American Broadband, to [redacted], American Broadband, cc'ing [redacted] and [redacted] (Mar. 21, 2016, 9:58 a m.) at ABT-0161297773 (indicating that American Broadband was turning off the login for subagent [redacted] because two of his accounts "[redacted]," and "[redacted]").

[147] March Two-Week Enrollment Audit at Attachment.

[148] E-mail from [redacted], American Broadband, to [redacted], [redacted], and [redacted], American Broadband (Mar. 31, 2016 1:26 p.m.) at ABT-OIG00122947.

agent [redacted] "[redacted]."[149] On the same day, [redacted] sent [redacted] an e-mail with an attachment titled "[redacted]," in which, she highlighted names "[redacted]."[150]

51. In July 2016, [redacted] wrote to [redacted] concerning accounts of master agent [redacted].[151] [redacted] indicated that four subagents of [redacted] had [redacted]."[152]

(i) Customer S[redacted] M[redacted]—Illustrative Example

52. During this Investigation, the Bureau discovered an example which illustrates how agents, as described by [redacted], used several types of manipulation to create multiple Lifeline enrollments.[153] For the following example, the Bureau examined American Broadband's Form 497 Subscriber Lists for data months May 2015 - December 2016, as well as NLAD data for the relevant months.

53. In May 2015, an American Broadband agent enrolled a customer named S[redacted] M[redacted]. In August 2015, an agent enrolled a second S[redacted] M[redacted], listing the last name as "M[redacted] ms." On its August 2016 Subscriber List, the Company listed two different addresses, but the same DoB and last four digits of the SSN for the two customers.

54. According to its data month November 2015 Subscriber List, American Broadband sought support for five customers with the name S[redacted] M[redacted]. Four of the five S[redacted] M[redacted] had either jr, mr, mrs, or ms included as part of the last name. Each of the five S[redacted] M[redacted] accounts listed September 1992 as the DoB and had the same last four digits of the SSN, but four different addresses were used.

55. On its data month Subscriber List for December 2015, the Company sought support for nine different customers with the name S[redacted] M[redacted], all of which listed September 1992 as the DoB and had the same last four digits of the SSN. The addresses listed for the nine S[redacted] M[redacted] included four variations of an address on Timberlane Street and several other street names. In the accounts, there were several variations of the name S[redacted] M[redacted], including "sr" added to the last name, the middle initial "n" inserted after the first name of three customers, and one full middle name (N[redacted]) listed as part of the first name.

56. On its January 2016 Form 497 Subscriber List, the Company sought support for 15 different customers with the name S[redacted] M[redacted]. Each of the 15 listed S[redacted] M[redacted] had the same last four digits of the SSN and were born on various days in September 1992. The addresses listed for these 15 customers included three different cities and at least seven different street names. With respect to these 15 customers, the Company sought support for multiple variations of the name "S[redacted] M[redacted]" including: "m[redacted] jr," "m[redacted] ms," and "S[redacted] N[redacted]."

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[149] *Id.* (citing, [redacted]).

[150] E-mail from [redacted], American Broadband, to [redacted], American Broadband (Mar. 31, 2016, 3:44 p.m.) at ABT-OIG00122935 and Attachment at ABT-OIG00122936. *See* E-mail from [redacted], American Broadband, to [redacted], [redacted], and [redacted], American Broadband (Mar. 31, 2016 1:26 p m.) at ABT-OIG00122947.

[151] E-mail from [redacted], American Broadband, to [redacted], American Broadband (Jul. 18, 2016, 11:33 a.m.) at ABT-OIG00114703.

[152] *Id.*

[153] *See* Appendix B.

57. According to the Company's Subscriber List corresponding with its data month March 2016 Form 497, the Company sought Lifeline support for 20 different customers with the name S[redacted] M[redacted]. These 20 customers lived in three different cities in Michigan and all had the same last four digits of SSN. Each of the 20 S[redacted] M[redacted] were born in September 1992, but had a day of birth of either the 5th, 20th, 23rd, 24th, 25th, or 26th of the month. Additionally, 15 out of 20 of the S[redacted] M[redacted] listed on the Company's March 2016 Subscriber List had either a suffix, prefix, initial, or full middle name included in the first and/or middle name.

58. On its Subscriber List corresponding with its April 2016 Form 497, the Company sought support for only five customers with the name of S[redacted] M[redacted]. But, in July, the Company sought support for eight S[redacted] M[redacted], again all of which had the same last four digits of the SSN and were born in September 1992. Each month, from August 2016 through November 2016, American Broadband claimed at least three customers with the name S[redacted] M[redacted].

59. According to the relevant Subscriber List, in December 2016, the Company sought Lifeline support for just two customers with the name S[redacted] M[redacted]. Of note, the identifying information for these two accounts differed from that listed for the first S[redacted] M[redacted] on the Company's May 2015 Subscriber List. Both S[redacted] M[redacted] listed on the Company's December 2016 Subscriber List included a suffix with the last name ("jr" and "mr"), and one of the names included a full middle name as part of the first name (N[redacted]). On its Subscriber List, the Company listed two different addresses for the two different customers with the name S[redacted] M[redacted].

60. In total, from March 2015 through December 2016, American Broadband's agents enrolled at least 22 different customers in Michigan with the name S[redacted] M[redacted]. The Bureau attempted to review the subscriber data maintained by the Company for these 22 customers and was only able to locate full or partial records for 11 of the 22 customers with the name S[redacted] M[redacted].[154] Most of the identifications were blurred and unreadable. Six of the 11 accounts included a copy of the driver's license of the same individual. With respect to two other accounts, the photo ID and SNAP card were identical. Two of the accounts were created on the same date, and the only difference between the data in the accounts was that the two were apparently born on two different days in September 1992. In at least three instances the DoB listed on the photo ID did not match that listed on the customers' eligibility certification documents.[155] All 11 customers were enrolled by subagents of master agent [redacted].

(ii) Agents Created Duplicate Accounts with the Manipulation of Personal Identifying Information

61. As demonstrated by the S[redacted] M[redacted] enrollments, by manipulating personal identifying information, American Broadband's agents created duplicative Lifeline accounts. The Bureau examined Subscriber Lists relevant to the Company's Forms 497 for data months August 2016 through December 2016.[156]

[154] A full file would include an identification, a Household Worksheet, and proof of income/program eligibility (for subscribers enrolled after the effective date of the eligibility document retention requirements). *See* 47 CFR §§ 54.410(a), (b). Effective February 17, 2016, the Commission's rules to require ETCs to retain subscriber eligibility documents. *See* 47 CFR §§ 54.404(b)(11), 54.410(b)(1)(ii), (c)(1)(ii) (2016).

[155] *See* 47 CFR §§ 54.410(a)(1), (2).

[156] The Bureau will provide to American Broadband information on the charged subscribers/accounts.

Table 1: Number of Duplicates Claimed on Subscriber Lists Supporting American Broadband's Form 497 Filings					
	Aug. 2016	Sept. 2016	Oct. 2016	Nov. 2016	Dec. 2016
Number of Duplicates	5,144	4,803	4,663	3,296	4,357

62. As indicated in Table 1, giving the Company credit for one valid customer within the apparent duplicates, in each month, from August 2016 through December 2016, American Broadband apparently sought and received Lifeline support for thousands of duplicates. Within these customer accounts, the Bureau observed: (1) exact match of name, address, last four digits of SSN, and date of birth; (2) prefixes (such as: Mr., Ms., Mrs., Dr.) added to first and/or last name; (3) suffixes (including, numbers, Jr., Sr., II) added to the first or last name; (4) full names and/or initials added to the first and/or last name; and (5) backslash added in or after names. Additionally, as demonstrated by the S[redacted] M[redacted] illustration, the Bureau found many instances in which multiple variations were applied to the information of a single individual.

63. In its September 16, 2016 letter to WCB, the Company maintained that [redacted] "[157] American Broadband also stated, "[redacted] "[158] However, based on a review of the Company's Forms 497 and corresponding Subscriber Lists, the Company failed to eliminate duplicates from its subscriber counts.

(a) Agents Apparently Manipulated Address Information

64. [redacted] informed members of American Broadband's management team that certain agents had enrolled large numbers of customers at certain addresses. In the e-mails, she communicated that she had searched for information on these addresses.

65. On March 22, 2016, [redacted] e-mailed [redacted] and [redacted], writing [redacted] "[159] [redacted] attached an Excel spreadsheet with customer information for 131 accounts.[160] According to data contained in the spreadsheet, the customers had enrolled in American Broadband's Lifeline program from March 8-13, 2016.[161]

66. According to information in the attachment, 131 customers resided at only 8 residences located on five streets.[162] As an example, for a single-family home on [redacted], one agent enrolled more than 55 different individuals over the course of four days.[163]

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[157] Sept. 16 Letter at 2.

[158] *Id.*

[159] E-mail from [redacted], American Broadband, to [redacted], [redacted], and [redacted], American Broadband (Mar. 22, 2016, 9:54 a.m.) at ABT-OIG00123062.

[160] "[redacted]" Excel Spreadsheet, sent from [redacted], American Broadband, to [redacted] and [redacted], American Broadband (Mar. 22, 2016, 9:54 a.m.) at ABT-OIG00123063.

[161] *Id.*

[162] *Id.* (listing 3 house numbers on [redacted], 2 house numbers on [redacted], as well as, one house each on [redacted], [redacted], and [redacted]).

67. Minutes after sending the first e-mail on March 22, 2016, [redacted] sent a second e-mail to [redacted] and [redacted], writing, "[redacted]."[164] Again, [redacted] attached an Excel spreadsheet.[165] According to data contained in this spreadsheet, one agent enrolled 72 individuals at 12 homes.[166] Based on information in the spreadsheet, the agent used one home at [redacted] and 11 different homes, all on [redacted].[167]

68. Shortly after [redacted] second e-mail, [redacted] sent an e-mail to [redacted] and master agent [redacted], attaching the two Excel spreadsheets from [redacted].[168] In his e-mail, [redacted] instructed [redacted] to "[redacted]" delete the logins of the two subagents because "[redacted]."[169] He also informed [redacted], "[redacted]."[170]

69. In an e-mail dated March 31, 2016, [redacted] again indicated that two subagents of master agent [redacted] were using "[redacted]."[171] [redacted] indicated that "[redacted]"[172] and "[redacted]."[173]

70. On April 27, 2016, [redacted] opened a ticket with BeQuick related to the Company's concern of too many orders at a single address.[174] [redacted] wrote, "[redacted]."[175] He explained, "[redacted]."[176] In his message, [redacted] provided an example—"[redacted]."[177]

71. The Bureau reviewed the Company's Subscriber Lists related to its Form 497 filings for data months July 2016 through December 2016 for addresses with large numbers of subscribers, including addresses that [redacted] had identified as having too many subscribers. Attempting to ascertain whether it was likely that a large number of individuals were residing at a particular address, the Bureau searched Zillow and Google Maps for information on the addresses. As depicted in Table 2 below, many

(Continued from previous page)

[163] *Id.*

[164] E-mail from [redacted], American Broadband, to [redacted], [redacted], and [redacted], American Broadband (Mar. 22, 2016, 10:21 a.m.) at ABT-OIG00123057.

[165] "[redacted]" Excel Worksheet, from [redacted], American Broadband, to [redacted] and [redacted], American Broadband (Mar. 22, 2016, 10:21 a.m.) at ABT-OIG00123058.

[166] *Id.*

[167] *Id.*

[168] E-mail from [redacted], American Broadband, to [redacted], American Broadband, and [redacted] (Mar. 22, 2016, 10:49 a m.) at ABT-OIG00120875. *See* Attachments at ABT-OIG00120876 and ABT-OIG00120884.

[169] *Id.*

[170] *Id.*

[171] E-mail from [redacted], American Broadband, to [redacted], [redacted], and [redacted], American Broadband (Mar. 31, 2016, 1:26 p m.) at ABT-OIG00122947.

[172] *Id.* [redacted] indicated, "[redacted]" (not [redacted], as listed).

[173] *Id.* [redacted] also stated that one of the agents had also registered accounts at "[redacted]."

[174] American Broadband BeQuick Ticket #5485 Max Orders at Address (Apr. 27, 2016).

[175] *Id.*

[176] *Id.*

[177] *Id.*

of the addresses listed on the Company's Subscriber Lists are single family homes, not apartments, shelters or other multi-household dwelling units.[178]

72. Also, American Broadband apparently sought Lifeline support for addresses that were not actually residences. For example, [redacted] appears to be a vacant lot. According to Google Maps, a Michigan Department of Health and Human Services office is located at [redacted].[179]

Table 2: Improper Lifeline Claims Reported on American Broadband's Subscriber Lists (Based on Manipulated Address Information in Michigan)

Address Listed on Form 497 Subscriber List			Number of Subscribers Listed on the Subscriber List at the Address					
Address	City	Residence Description	Jul. 2016	Aug. 2016	Sep. 2016	Oct. 2016	Nov. 2016	Dec. 2016
[redacted]	[redacted]	908 sq. ft. single family residence	33	11	8	5	5	5
[redacted]	[redacted]	952 sq. ft. single family residence	28	15	10	7	6	5
[redacted]	[redacted]	2,090 sq. ft.; 3 bdrm, 1 bath single family res.	24	12	9	5	4	4
[redacted]	[redacted]	856 sq. ft., 3 bdrm single family residence	45	25	22	18	14	12
[redacted]	[redacted]	vacant lot (Google Maps)	60	35	27	23	19	14
[redacted]	[redacted]	in Hamtramck (Google); 938 sq. ft. single family	53	19	18	18	15	11
[redacted]	[redacted]	in Hamtramck (Google); 989 sq. ft. single family	54	29	27	23	19	15
[redacted]	[redacted]	In Hamtramck (Google); 1 of 3 condos; 2 bdrm, 1 bath	196	66	54	46	36	23
[redacted]	[redacted]	in Detroit (Google); 1 of 3 condos, 1 bath unit	166	77	72	57	50	42
[redacted]	[redacted]	6bdrm, 2 bath single family residence	75	41	37	34	30	24
[redacted]	[redacted]	2,044 sq. ft.; 2.5 bath single family	21	9	6	4	2	3
[redacted]	[redacted]	1,758 sq. ft.; 4 bdrm.; 1.5 bath single family	151	70	62	53	49	39
[redacted]	[redacted]	2,098 sq. ft.; 5 bdrm.; 3 bath single family	109	51	45	40	34	27
[redacted]	[redacted]	3,242 sq. ft.; 2.5 bath single family residence	117	42	32	26	26	20
[redacted]	[redacted]	1,960 sq. ft.; 1.5 bath single family residence	101	45	37	28	22	19
[redacted]	[redacted]	2,286 sq. ft.; 4bdrm.; 1.5 bath single family	138	53	44	38	29	25
[redacted]	[redacted]	1,446 sq. ft.; 1 bath single family residence	162	62	47	42	36	32
[redacted]	[redacted]	1,920 sq. ft.; 1 bath single family residence	162	75	63	49	45	35
[redacted]	[redacted]	2,276 sq. ft.; 2 bath single family residence	141	57	49	41	39	25
[redacted]	[redacted]	2,388 sq. ft.; 1.5 bath single family residence	17	7	5	4	4	3

[178] Omitted from this Table are addresses which appear to be apartments, shelters, and other multi-family dwelling facilities. In the calculation of the forfeiture penalty discussed *infra*, the Bureau gave the Company credit for one valid subscriber at each address; thus, for example, the number of charged ineligible subscribers for August 2016, is 1,172 minus 31 (unique addresses), for a total of 1,141 charged ineligible subscriber accounts. *See also* Appendix D.

[179] The Bureau was unable to locate information for '[redacted]," however, the Bureau did find records relating to '[redacted]." According to the Company's Subscriber List for its Form 497 for data month April 2016, American Broadband sought Lifeline support for 52 different accounts with the address [redacted] and additional two accounts with [redacted] listed as the address.

[redacted]	[redacted]	2,860 sq. ft.; 5 bdrm.; 3 bath single family	108	65	53	45	39	28
[redacted]	[redacted]	2,590 sq. ft.; 2.5 bath single family residence	21	12	8	6	5	2
[redacted]	[redacted]	2,120 sq. ft.; 2 bath single family residence	38	20	18	16	16	14
[redacted]	[redacted]	1,776 sq. ft.; 1 bath single family residence	38	17	15	14	12	12
[redacted]	[redacted]	711 sq. ft. single family residence; 1 bath	51	25	18	14	11	6
[redacted]	[redacted]	2,000 sq. ft.; 4 bdrm.; 1.5 bath; single family	9	8	7	6	5	3
[redacted]	[redacted]	1,199 sq. ft. single family residence; 1 bath	94	58	45	30	23	20
[redacted]	[redacted]	Not located in Wayne County records	54	19	13	13	12	8
[redacted]	[redacted]	960 sq. ft.; 1 bath single family residence	117	60	48	44	40	33
[redacted]	[redacted]	2,346 sq. ft. 3 bdrm; 1 bath single family	98	41	32	26	22	18
[redacted]	[redacted]	1,8234 sq. ft.; 2 bath single family residence	72	29	16	13	13	12
[redacted]	[redacted]	1,636 sq. ft.; 1 bath single family residence	31	17	12	7	6	4
		Total Subscribers	**2584**	**1172**	**959**	**795**	**688**	**543**

73. Based upon [redacted] and [redacted] e-mails, American Broadband should have been aware in as early as March 2016 that its agents were enrolling customers using invalid addresses. The Company, however, continued to seek and receive Lifeline support for those ineligible accounts.

(b) Agents Apparently Enrolled Deceased Individuals

74. On March 31, 2016, [redacted] sent an e-mail to the Company's Director of Wireless Operations identifying 19 customer accounts created by a subagent of master agent [redacted].[180] In the e-mail, [redacted] wrote, "[redacted]."[181] Smith indicated that "[redacted] and "[redacted]" the accounts "[redacted]."[182] On the same day, [redacted] sent an e-mail to [redacted], [redacted], and [redacted] again concerning the same subagent, writing that "[redacted]."[183] Later, that same day, [redacted] e-mailed [redacted], advising him to check the DOBs on the subagent's accounts, because "[redacted]."[184]

75. The Bureau examined the customer accounts identified in [redacted] March 31st e-mails.[185] Seventeen of the 19 identified customer had birthdays between 1900's and 1920's.[186] The Bureau used a

[180] E-mail from [redacted], American Broadband, to [redacted], American Broadband (Mar. 31, 2016, 10:16 a.m.) at ABT-OIG01298987.

[181] *Id.*

[182] *Id.*

[183] E-mail from [redacted], American Broadband, to [redacted], [redacted], and [redacted], American Broadband (sent Mar. 31, 2016, 11:44 a m.) (writing that the agent was "[redacted]") at ABT-OIG00122947.

[184] E-mail from [redacted], American Broadband, to [redacted], American Broadband (Mar. 31, 2016, 3:44 p.m.) at ABT-OIG00122935. In the attachment to the e-mail, which was called "[redacted]," [redacted] provided the enrollment information for the accounts. *See id.* at Attachment at ABT-OIG00122936.

[185] Using the name and birthdays provided by [redacted], the Bureau searched American Broadband's records to identify the relevant customers.

[186] E-mail from [redacted], American Broadband, to [redacted], American Broadband (Mar. 31, 2016, 3:44 p.m.) at ABT-OIG00122935 (indicating that one of the customers had a birthday in 1945 and another in 1973).

third-party verification process to ascertain whether the customers were alive at the time of his/her enrollment in the Company's Lifeline program. The Bureau discovered that many of the individuals were deceased at the time that they were enrolled in American Broadband's Lifeline program. Specifically, five of the individuals had apparently died in the 1970s, three in the 1980s, and four had died between 1992 and 2000.

76. Based on a review of the Company's Form 497 Subscriber Lists and as indicated in Table 3, American Broadband sought USF support for 13 of the 19 individuals on both its August 2016 and September 2016 Forms 497. As indicated in Table 3 below, American Broadband claimed more than half of the individuals continuously from at least August 2016 through December 2016.

Table 3: Deceased Individuals Reported in March 31, 2016 E-mail and Improperly Claimed on Subscriber Lists Supporting American Broadband's Forms 497

Deceased Subscriber Information				Data Months for which American Broadband Received Lifeline Support for Deceased Subscriber				
Last Name	First Name	DOB	DOD	Aug. Form 497	Sep. Form 497	Oct. Form 497	Nov. Form 497	Dec. Form 497
A[redacted]	E[redacted]	7/6/1900	12/1/1974	Yes	Yes	Yes	Yes	Yes
A[redacted]	E[redacted]	4/10/1903	11/1/1986	Yes	Yes	Yes	Yes	Yes
A[redacted]	E[redacted]	6/7/1910	6/1/1979	Yes	Yes	Yes	Yes	Yes
A[redacted]	E[redacted]	6/9/1922	121/1974	Yes	Yes	Yes	Yes	Yes
C[redacted]	C[redacted]	3/10/1900	2/1/1974	Yes	Yes	Yes	Yes	Yes
C[redacted]	C[redacted]	5/9/1902	5/28/2000	Yes	Yes	Yes	Yes	Yes
C[redacted]	C[redacted]	12/4/1908	4/9/1992	Yes	Yes	No	No	No
C[redacted]	C[redacted]	6/4/1917	9/1/1976	Yes	Yes	No	No	No
E[redacted]	T[redacted]	1/28/1905	10/2/1994	Yes	Yes	Yes	No	No
E[redacted]	T[redacted]	10/2/1927	7/12/1982	Yes	Yes	Yes	Yes	Yes
P[redacted]	M[redacted]	8/23/1945	6/5/2004	Yes	Yes	Yes	No	No
P[redacted]	M[redacted]	12/5/1916	12/1/1983	Yes	Yes	Yes	Yes	Yes
P[redacted]	M[redacted]	2/17/1929	2/17/1929	Yes	Yes	Yes	Yes	Yes

77. Based on the findings related to [redacted] March 2016 e-mail, the Bureau conducted an expanded review of older customers listed on the Company's Subscriber Lists.[187] The Bureau determined that the Company sought Lifeline support on its July 2016 Form 497 for at least 274 deceased individuals, all of whom were born between the years 1900 - 1929. More significantly, most of these individuals had been deceased before they had apparently enrolled in the Lifeline program.

78. The Bureau then reviewed the Company's Subscriber List for data month August 2016 to ascertain whether the Company had continued to seek Lifeline support for additional deceased individuals. Based on its review and as indicated in Table 4, the Bureau identified 12,571 deceased subscribers on the Company's August 2016 Subscriber List. Of note, American Broadband filed its first Form 497 for support as a wireless Lifeline provider in October 2012, and only 6 of the 12,571 were alive at that time. Thus, almost all of the 12,571 deceased individuals on the Company's August 2016 Subscriber List individuals were deceased well before their alleged enrollment into the Lifeline program. As indicated in Table 4 below, from August 2016 to December 2016, American Broadband repeatedly sought and received Lifeline support on its Forms 497 for many of the same deceased individuals. As

[187] The Bureau sorted the Company's data month July 2016 Form 497 Subscriber List (for DoBs between 1900 and 1929). Using a third-party verification, the Bureau determined the dates of death for these customers.

indicated in Table 4, from August 2016 through December 2016, American Broadband sought and received Lifeline support for thousands of claims involving deceased individuals.

Table 4: Claims for Deceased Individuals on Subscriber Lists Supporting American Broadband's Forms 497

	Aug. 2016	Sept. 2016	Oct. 2016	Nov. 2016	Dec. 2016
No. of Deceased Individuals Claimed on Company's Forms 497	12,571	10,735	8,842	7,518	5,955

(c) Agents Apparently Reused Program Eligibility Documents

79. On several occasions, from at least June 2016 through November 2016, American Broadband management communicated about the use of SNAP cards as proof of program eligibility. For example, on June 7, 2016, [redacted] e-mailed a program analyst on USAC's Lifeline team regarding the "[redacted]."[188] [redacted] wrote, "[redacted]."[189] [redacted] asked, "[redacted]?"[190] The USAC analyst responded that if American Broadband decided to collect SNAP cards that do contain the subscriber's name, [redacted]."[191]

80. On June 24, 2016, [redacted] e-mailed [redacted] stating that [redacted]."[192] In the e-mail, [redacted] listed 35 different account numbers in Puerto Rico. The Bureau examined the Company's Form 497 Subscriber Lists to determine whether the Company sought support for the individuals who had apparently enrolled using the same SNAP card as proof of eligibility. As detailed in Table 5, from at least August 2016 through December 2016, American Broadband sought Lifeline support for many of these ineligible subscribers.

Table 5: Improper Claims: From Reused SNAP Cards in Puerto Rico (on Subscriber Lists Supporting American Broadband's Forms 497)

	Jul. 2016	**Aug. 2016**	**Sep. 2016**	**Oct. 2016**	**Nov. 2016**	**Dec. 2016**
No. of Ineligible Subscribers Claimed	34	33	32	29	28	27

[188] E-mail from [redacted], American Broadband, to [redacted], USAC Lifeline Program, cc [redacted] (June 6, 2016, 5:36 p m.) at ABT-OIG00527613.

[189] *Id.*

[190] *Id.*

[191] E-mail from [redacted], USAC Lifeline Program, to [redacted], American Broadband, cc [redacted], American Broadband (June 7, 2016, 10:05 a.m.) at ABT-OIG00527475 (providing, [redacted]").

[192] E-mail from [redacted], American Broadband, to [redacted], American Broadband (June 24, 2016, 10:08 a.m.) at ABT-OIG00123529.

81. Based on the Company's records, American Broadband received additional notice that agents were apparently reusing SNAP cards. For example, on June 24, 2016, [redacted] notified [redacted] that a subagent of master agent [redacted] was reusing SNAP cards.[193] In another e-mail dated July 8, 2016, [redacted] notified [redacted] that two subagents of [redacted] "[redacted]."[194]

82. On October 13, 2016, [redacted] e-mailed master agent [redacted], indicating that "[redacted]."[195] On November 2, 2016, [redacted] e-mailed [redacted], [redacted]."[196] [redacted] responded, [redacted]"[197] [redacted] forwarded to master agent [redacted] 12 photos from the relevant accounts.[198] Also, in an e-mail on November 28, 2016, [redacted] notified another master agent that "[redacted]."[199]

83. The Bureau reviewed the customer information for individuals identified in [redacted] e-mails (all of whom were enrolled in Illinois). As indicated in the Table 6 below, on its Forms 497, American Broadband sought Lifeline support for some of those subscribers, even after it had received notice that the subscriber accounts had been created in contravention of program rules.

Table 6: Improper Claims: From Reused SNAP Cards in Illinois (on Subscriber Lists Supporting American Broadband's Forms 497)

Subscriber	Jul. 2016	Aug. 2016	Sep. 2016	Oct. 2016	Nov. 2016	Dec. 2016
Notice in June 2016						
H[redacted]	Yes	Yes	Yes	Yes	Yes	Yes
Y[redacted]	Yes	Yes	Yes	Yes	Yes	No
Notice in July 2016						
B[redacted]	Yes	Yes	Yes	Yes	Yes	Yes
H[redacted]	Yes	Yes	Yes	Yes	Yes	Yes
Notice in Nov. 2016						
Q[redacted]	N/A[200]	N/A	N/A	Yes	Yes	Yes
C[redacted]	N/A	N/A	N/A	Yes	Yes	Yes
H[redacted]	N/A	N/A	N/A	N/A	N/A	Yes
G[redacted]	Yes	Yes	Yes	Yes	Yes	Yes

[193] E-mail from [redacted], American Broadband, to [redacted] (June 28, 2016, 1:29 p.m.); E-mail from [redacted], American Broadband, to [redacted] (June 28, 2016, 1:35 p m.) at ABT-OIG00528496.

[194] E-mail from [redacted], American Broadband, to [redacted], American Broadband (July 8, 2016, 10:57 a.m.) at ABT-OIG01299328.

[195] *See* E-mail from [redacted], American Broadband, to [redacted] (Oct. 13, 2016, 10:32 a m.) at OIG01300574 - ABT-OIG01300576.

[196] *Id.* at ABT-OIG01300574. Based on the master agent's communication with [redacted], the subagent was fired.

[197] *Id.*

[198] *Id.* *See* E-mail from [redacted] to [redacted], American Broadband (Nov. 3, 2016, 10:08 a.m.) at ABT-OIG1300574 (requesting proof of the fraudulent accounts because "[redacted]").

[199] E-mail from [redacted], American Broadband, to [redacted], [redacted] (Nov. 28, 2016 11:31 a.m.) at ABT-OIG01300796.

[200] Not Applicable (N/A) indicates that the subscriber had not yet been enrolled by American Broadband.

84. American Broadband, thus, apparently had knowledge that, in at least two parts of its designated service area, its agents had apparently enrolled individuals using improper program qualification documentation, in violation of section 54.410(a) of the Commission's rules.

2. American Broadband Apparently Lacked Proper Policies and Procedures to Ensure Compliance with the Commission's Rules Governing Lifeline Enrollments

85. Pursuant to program rules, ETCs must implement policies and procedures for ensuring that their Lifelines subscribers are eligible to receive Lifeline services[201] and "must maintain records to document compliance with all Commission . . . requirements governing the Lifeline" program,[202] including requirements to (1) "securely retain subscriber documentation that the ETC reviewed to verify subscriber eligibility" and (2) "securely retain copies of documentation demonstrating. . .subscriber's income-based eligibility."[203] ETCs are also responsible for the non-compliant conduct of their agents.[204] Based on a review of the Company's records, as discussed below, American Broadband apparently lacked policies and procedures to comply with several provisions of the Commission's rules, and it apparently, deliberately, and repeatedly disregarded notice from its compliance staff of likely violations of the Commission's Lifeline rules. In addition, the Company apparently provided little to no training to its master agents on the Commission's rules to ensure that its agents complied with the rules governing the Lifeline program. Despite offering limited training to its master agents, the Company apparently entrusted the training of subagents to its untrained master agents.

86. In the LOI, the Bureau asked American Broadband to provide "all Documents regarding [American Broadband's] policies and procedures, including revisions, to ensure compliance with federal statutes and the Commission's rules governing the Lifeline program" for the period of 2010 through the present.[205] In documents produced to the Bureau, American Broadband provided copies of a 2014 "American Assistance Training Guide"[206] and a 2015 "American Assistance Training Guide."[207] According to the overview of the documents, the training materials were for customer service representatives responsible for answering inbound phone calls from the Company's customers.[208] In the materials, American Broadband indicated, "[redacted]" and Lifeline Wireless is "[redacted]."[209] In the documents, American Broadband explained that customers could qualify for Lifeline Wireless with participation in federal, state and local government programs, or if their income was 135% or below National Poverty Income Guidelines.[210] American Broadband also indicated that proof of

[201] 47 CFR § 54.410(a).

[202] 47 CFR § 54.417(a).

[203] 47 CFR § 54.404(b)(ii).

[204] *Lifeline and Link Up Modernization and Reform*, WC Docket No. 11-42, Order, 28 FCC Rcd 9057 (WCB 2013); FCC Enforcement Advisory, 28 FCC Rcd 9022 (EB 2013).

[205] LOI at Inquiry No. 55. *See id.* at Inquires No. 11, 12, 13, 19, 27, 28, 37, 41, 42 (asking about the Company's policies and procedures). The Company did not specifically identify items responsive to the Bureau's request.

[206] *See* E-mail from [redacted], American Broadband, to [redacted] et al., American Broadband (Feb. 20, 2014) at ABT-OIG00077034 (attaching American Assistance Employee Training Manual (Training Manual) at ABT-OIG00077035-63).

[207] *See* E-mail from [redacted], American Broadband, to Jeffrey Ansted, American Broadband (Apr. 20, 2015) at ABT-OIG00006137 (attaching American Assistance Training Guide (Training Guide) at ABT-OIG00006138-65).

[208] Training Manual at ABT-OIG00077037, Training Guide at ABT-OIG00006138.

[209] *Id.*

[210] *Id.* at ABT-OIG00077038, ABT-OIG00006140.

"[redacted]," "[redacted]," and "[redacted]."[211] In the documents, the Company focused on frequently asked customer questions and instructions on how to use the Company's databases. As indicated in the training materials, the Company provided only limited information to its agents about Lifeline and did not specifically address program compliance. As indicated, these documents were used by in-house customer service representatives, not by the master agents and subagents.

87. The Bureau reviewed the history of the Company's relationship with master agent [redacted] as an example of the Company's policies and procedures regarding master agents.[212] In October 2015, [redacted] applied to become an agent with American Broadband.[213] [redacted] exchanged e-mails with [redacted] from October 23, 2015 through November 3, 2015.[214] On November 4, 2015, [redacted] forwarded to [redacted] the Sub Market Playbook, an offer letter, and a payroll direct deposit form.[215]

88. In [redacted]'s offer letter (consistent with other agent agreements, as discussed above), American Broadband demanded that its master agents "[redacted]."[216] The Company, however, had essentially no compliance practices which focused on compliance with any Commission rules or USAC policies.[217] Instead, in [redacted]'s and other agent agreements, the Company focused on agents' commission and the maintenance of the Company's phone inventory.[218]

89. In the Playbook, American Broadband communicated, "[redacted]."[219] The Playbook did not specifically cite to USAC's or the FCC's websites.[220] In the Playbook, the Company did briefly discuss consumer qualifications, and it indicated that the agent commission, or "[redacted]," is based on "[redacted]."[221] The Company apparently did not offer or mandate any real training on the Lifeline program (beyond the Playbook) to its master agents.

90. In March 2016, American Broadband forwarded several different versions of agent agreements to [redacted]. In an agreement date March 7, 2016, American Broadband referred to [redacted] as a "[redacted]," and explained that he would be responsible for his inventory.[222] In the agreement American Broadband did not further define Master Sub Agent or the duties and expectations for such an agent.

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[211] *Id.*

[212] Other agents received the same information, via e-mail, from the Company.

[213] E-mail from [redacted] to sales@ambt.net (Oct. 19, 2015, 5:15 p.m.) (writing, "[redacted]") at ABT-OIG02137482.

[214] *See* ABT-OIG02137479-82. An e-mail suggests that [redacted] and [redacted] had at least one phone conversation. E-mail from [redacted], American Broadband, to [redacted] (Nov. 3, 2015, 9:19 a.m.)

[215] E-mail from [redacted], American Broadband, to [redacted] (Nov. 4, 2015, 4:25 a m.) at ABT-OIG02137479.

[216] *See* [redacted] Agreement; *see, e.g.*, [redacted] Agreement, [redacted] Agreement.

[217] *Id.*

[218] *Id.*

[219] Sub Market Playbook, ABT-OIG02139317-23.

[220] *Id.*

[221] *Id.* at ABT-OIG02139322. The Company explained that, "[redacted]" and "[redacted]." *Id.* at ABT-OIG02139322-23.

[222] Letter from [redacted], American Broadband, to [redacted] (Mar. 7, 2016) at ABT-OIG02095165.

91. In an agreement dated March 13, 2016, American Broadband communicated to [redacted] that, "[redacted]"[223] American Broadband apparently implemented this policy but did not enforce it. As an example, and as discussed above, in the March Two-Week Enrollment, [redacted] reported to Jeffrey Ansted information on several Lifeline enrollments created by [redacted] subagents.[224] Had the Company reviewed the enrollments within its own system, it would have discovered that the master agent and subagents had not included photo IDs and/or program eligibility documents, as mandated.

92. As discussed above, [redacted] was not the only master agent who did not comply with Lifeline program rules in the enrollment of individuals into the Lifeline program.[225] In an e-mail on August 5, 2014, [redacted] wrote Jeffrey Ansted concerning a [redacted] Audit.[226] [redacted] wrote, "[redacted]."[227] He explained, [redacted]." [redacted] also wrote, [redacted]"[228] After becoming aware of the master agent's noncompliance, the Company apparently did not provide any training to [redacted] or his subagents to enforce compliance. Instead, American Broadband continued to use the master agent for at least two more years.

93. The Company continued to trust [redacted] to manage and train his subagents, and it continued to request Lifeline support for enrollments created by those subagents. On March 16, 2016, [redacted] e-mailed [redacted] stating, "[redacted]."[229] [redacted] explained, [redacted]."[230] On March 22, 2016, [redacted] forwarded to Ansted an e-mail that he had sent to [redacted] with "[redacted]."[231] In the e-mail, [redacted] wrote, "[redacted]" and [redacted]."[232] American Broadband again did not propose training [redacted] or his subagents on the rules governing the Lifeline program. Shortly after the March 22, 2016 communication, American Broadband had reason to believe that [redacted] remained non-compliant. Specifically, on March 29, 2016, [redacted] e-mailed [redacted], stating "[redacted]

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[223] Letter from [redacted], American Broadband, to [redacted] (Mar. 14, 2016) at ABT-OIG02095063.

[224] *See supra* III.A.1.

[225] *Id.*

[226] E-mail from [redacted], American Broadband, to Jeffrey Ansted, cc [redacted], American Broadband (Aug. 5, 2014, 8:32 a m.) at ABT-OIG00005867.

[227] *Id.*

[228] *Id.*

[229] E-mail from [redacted], American Broadband, to [redacted] (March 16, 2016, 7:18 p m.) at ABT-OIG00009414.

[230] *Id.*

[231] E-mail from [redacted], American Broadband, to Jeffrey Ansted, American Broadband (Mar. 22, 2016, 1:19 p.m.); E-mail from [redacted], American Broadband, to [redacted] (Mar. 22, 2016, 9:36 a.m.) at ABT-OIG00004065. [redacted] forwarded this e-mail to Jeffrey Ansted. *Id.*

[232] *Id.*

[redacted]."[233]

94. American Broadband apparently allowed other untrained master agents to supervise subagents who enrolled individuals into the Lifeline program. For example, on March 31, 2016, [redacted] e-mailed [redacted], writing, "[redacted]."[234] In response [redacted] e-mailed [redacted] stating "[redacted]"[235] He also informed [redacted] that he would be charging him $[redacted] for the agent's conduct.[236] [redacted] indicated, "[redacted]."[237] [redacted] informed [redacted] that, "[redacted]."[238] American Broadband did not terminate its relationship with [redacted] at that time, nor did it offer compliance training to the master agent or his subagents.

95. In June 2016, when the Company's director of Sales and Marketing learned that an agent had reused a SNAP card to enroll multiple subscribers, he instructed the master agent to fire the subagent.[239] Specifically, [redacted] wrote to master agent [redacted], [redacted]."[240] The Company had a reasonable belief that the master agent was not adhering to compliance practices, and yet, it continued to seek Lifeline support for the enrollments submitted by the master agent.

96. [redacted] proposed an alternative method of verifying customers enrolled by the Company's agents, he suggested hiring a third-party verification company. He wrote, [redacted]"[241] In response, Jeffrey Ansted rejected the suggestion writing, "[redacted]"[242]

97. Based on Company records, American Broadband did not hire [redacted] to verify its Lifeline enrollments but continued to process the enrollments itself. The Company, however, (1) lacked policies

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[233] E-mail for [redacted], American Broadband, to [redacted] (Mar. 29, 2016, 8:15 a m.) at ABT-OIG00009373.

[234] E-mail from [redacted], American Broadband, to [redacted] (Mar. 30, 2016, 8:08 p.m.) at ABT-OIG01926619. *See supra* Section III.A.1.

[235] E-mail from [redacted], American Broadband, to [redacted] (Apr. 1, 2016, 2:54 p.m.) at ABT-OIG00004103. [redacted] further stated to [redacted], [redacted]" *Id.*

[236] *Id.* (indicating that the $[redacted] was based on the number of phones, the price of the phones, and [redacted] commission).

[237] *Id.*

[238] *Id.*

[239] E-mail from [redacted], American Broadband, to [redacted] (June 28, 2016, 1:35 p m.) at ABT-OIG00528496.

[240] *Id.*

[241] E-mail from [redacted], American Broadband, to Jeffrey Ansted, American Broadband (Apr. 12, 2016, 3:30 p.m.) at ABT-OIG00005412.

[242] E-mail from Jeffrey Ansted, American Broadband, to [redacted], American Broadband (Apr. 12, 2016, 8:34 p.m.) at ABT-OIG00005412.

and procedures to properly review its Lifeline enrollments, as discussed above,[243] and (2) lacked policies and procedures to ensure that it properly retained customer data, as required under program rules.[244]

98. With respect to the retention of documents, effective February 17, 2016, the Commission required ETCs to retain the subscriber documentation reviewed to verify subscriber's eligibility as well as documentation used to demonstrate income eligibility.[245] As demonstrated in the S[redacted] M[redacted] illustration above, the Company failed to retain copies of identifications and income documentation, and thus failed to identify and resolve instances in which the same documentation was used to create multiple Lifeline accounts.[246]

99. In its Admissions to the Commission, American Broadband noted several changes to its policies and procedures, which it maintained ensured compliance with the Commission's rules, including rules governing the enrollment of subscribers.[247] However, as discussed above, the Company apparently continued to seek and receive Lifeline support for improper enrollments from at least August 2016 through December 2016, which was after the Company had advised the Commission that it had corrected issues which had resulted in it receiving overpayments from the Fund.[248] Thus, the Company apparently lacked policies and procedures to ensure that it did not seek or receive support for improper Lifeline enrollments, and apparently violated sections 54.404(b)(11), 54.410(a), (b)(1)(ii), and (c)(1)(ii) of the Commission's rules.

B. American Broadband Apparently Failed to De-enroll and Stop Seeking Lifeline Support for Ineligible Lifeline Subscribers

100. In its Admissions, the Company indicated that it had received overpayments from the Fund because of problems with benefit transfers and non-usage.[249] As discussed in detail below, the Company apparently failed to de-enroll ineligible (1) non-usage subscribers and (2) benefit transfer subscribers, and the Company apparently continued to seek Lifeline support for ineligible non-usage and benefit transfers subscribers from at least August 2016 through December 2016, after it represented to the Commission that it had corrected these issues. Also, as discussed below, the Company apparently, in violation of section 54.405(e)(1) of the Commission's rules, failed to de-enroll subscribers that it had a reasonable basis to believe were no longer qualifying low-income subscribers.

1. American Broadband Apparently Sought Lifeline Support for Ineligible Non-Usage Subscribers

101. In August 2016, American Broadband admitted that it had "[redacted]" with the "[redacted]."[250] Thus, the Company admitted that it had failed to comply with sections 54.405(e)(3) and 54.407(c)(2) of the Commission's rules. As discussed below, the Company was apparently aware, in as early as 2014, that it had failed to de-enroll subscribers who had failed to use their Lifeline service, as required by Commission rules.

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[243] 47 CFR § 54.410(a).

[244] 47 CFR §§ 54.4, 54.404(b)(11), 54.410(b)(1)(ii).

[245] 47 CFR §§ 54.404(b)(11), 54.410(b)(1)(ii), and 54.417(a) (requiring that ETCs must maintain records to document compliance with all Commission rules).

[246] *See supra* Section III.A.1.

[247] *See* Sept. 16 letter.

[248] *See supra* Section III.A.1.

[249] Sept. 16 Letter; Sept. 23 Letter.

[250] Sept. 23 Letter at 1.

102. In a December 5, 2014 e-mail from [redacted] to [redacted], Chief Operations Officer (COO) of BeQuick,[251] [redacted] wrote, "[redacted]."[252] In response, [redacted] wrote, "[redacted]."[253] On December 11, 2014, [redacted] e-mailed [redacted] saying, "[redacted]"[254]

103. [redacted] attached an Excel file with nearly 24,000 accounts (Dec. 2014 Excel File).[255] According to information contained in the file, if American Broadband had adjusted its records to correctly account for non-usage, the Company would have had 11,012 Lifeline accounts with non-usage of more than 90 days—at least 30 days beyond the Commission's requirement to de-enroll a subscriber after 60 days of non-usage.[256] One the same day, [redacted] responded to [redacted],

[redacted].[257]

104. On December 11, 2014, the date of Jeffrey Ansted's response, the 11,012 subscribers were already ineligible non-usage subscribers under section 54.405(e)(3) of the Commission's rules.[258] A prompt from the Company resulting in use by the subscribers at that time would not have cured the non-usage. Thus, the Company, was obligated under Commission's rule to de-enroll and not receive support for those subscribers.[259]

105. To determine when American Broadband removed the ineligible non-usage subscribers from its Lifeline program, the Bureau compared the data in the Dec. 2014 Excel File with certain

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[251] *See* http://bequick.com/about html#team (identifying [redacted] as the Co-Founder and COO of BeQuick) (last visited Oct. 4, 2018).

[252] E-mail from [redacted], American Broadband, to [redacted], Chief Operating Officer, BeQuick at (Dec. 5, 2014 10:25 a.m.) at ABT-OIG00090995. [redacted] also writes, "[redacted]" *Id.*

[253] E-mail from [redacted], Chief Operating Officer, BeQuick, to [redacted], American Broadband (Dec. 8, 2014) at ABT-OIG00017466.

[254] E-mail from [redacted], Chief Operating Officer, BeQuick, to [redacted], American Broadband (Dec. 11, 2014, 12:23 p.m.) at ABT-OIG00826280-83. *See* Spreadsheet at ABT-OIG00826283.

[255] *Id.* The column titles for the file were: Account, ORIG DATE, NEW DATE, ORGI DAYS, NEW DAYS, LAST TEXT, RENEWAL DATE. *Id.*

[256] *Id.* We ascertained this number with a simple data sort of the NEW DAYS column within the Dec. 2014 Excel file. *See* 47 CFR § 54.407(c)(1) (providing that an ETC "shall only continue to receive universal service support reimbursement for such Lifeline service provided to subscribers who have used the service within the last 60 days").

[257] E-mail from [redacted], American Broadband, to [redacted], BeQuick (Dec. 11, 2014,1:10 p m.) at ABT-OIG00487168.

[258] *See* 47 CFR § 54.405(e)(3); *see also* 47 CFR § 54.405(e)(1) (providing that an ETC must de-enroll any subscriber who fails to demonstrate eligibility within five business days after the expiration of the subscriber's time to respond).

[259] *See* 47 CFR §§ 54.405(e)(3), 54.407(c)(2)(i)-(v).

Company Subscriber Lists.[260] Specifically, the Bureau compared the 11,012 customers from the Dec. 2014 Excel File (all of whom had not used their service for more than 90 days—thus, outside of the usage and cure period under program rules) with the Company's Form 497 Subscriber Lists for January 2015, June 2015, July 2016. Based on information contained in these Subscriber Lists, after being made aware that its records showed a significant number of customers with no usage, in January 2015 American Broadband filed its January 2015 data month Form 497 seeking support for 10,970 of the 11,012 ineligible non-usage subscribers. In June 2015, six months after the Company became aware that its own records indicated it had thousands of ineligible subscribers within its Lifeline program, the Company apparently sought support for 7,672 of the 11,012 customer accounts. In July 2016, American Broadband continued to seek and receive support for 363 subscribers that were ineligible non-usage subscribers by at least December 2014.

106. American Broadband continued to seek and receive support for ineligible non-usage subscribers, even after it reported to the Commission that it had taken corrective action to eliminate such improper claims. As indicated in Table 7, from August 2016 through December 2016—the period relevant to the Commission's Investigation—American Broadband apparently improperly claimed hundreds of ineligible non-usage subscribers.

Table 7: Number of Ineligible Non-Usage Subscribers for which American Broadband Sought Lifeline Support on Subscriber Lists Supporting its Forms 497

Aug. 2016	Sept. 2016	Oct. 2016	Nov. 2016	Dec. 2016
85	72	61	49	37

107. With respect to its non-usage subscribers, American Broadband indicated to the Commission that it had directed GJM to conduct a review of all subscriber records and claims from February 2014 through July 2016, including ineligible subscribers based on non-usage.[261] In conducting its review, GJM worked with the data provided and procedures established by American Broadband.[262] In the course of this Investigation, the Bureau reviewed the procedures and sources files used by GJM to consider how the Company had determined the number of ineligible non-usage subscribers that it reported to the Commission.[263]

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[260] We ran a query in American Broadband Subscriber Lists to match the account numbers listed in the Dec. 2014 Excel Worksheet to match the account numbers with the names of the actual subscribers.

[261] May 25 LOI Response at 19; Letter from John Heitmann, Counsel for American Broadband, Kelley Drye & Warren, LLP, to Marlene Dortch, FCC, dated Nov. 3, 2017 (Nov. 3 Letter).

[262] Independent Accountant's Report on Applying Agreed-Upon Procedures, from Gilmore Jaison Mahler, LTD, to Jeffrey Ansted, President, American Broadband (GJM Report).

[263] Nov. 3 Letter (providing, among other things, '[redacted]" including, (1) the '[redacted]" (AMERICAN BROADBAND-00000122 – AMERICAN BROADBAND-000001510), (2) '[redacted]" (AMERICAN BROADBAND-00000145), and (3) '[redacted]" (AMERICAN BROADBAND-00000072). Counsel also provided GJM's report. In its report, GJM indicated that it [redacted]." *Id.* [redacted]. *Id.* at Appendix C. GJM Report at 2.

108. The Bureau followed GJM's procedures,[264] including analysis of the Company's Combined Fusion Disconnection Report and its Subscriber Lists, to consider the Company's subscribers.[265] As the table below shows, in August 2016, on its Form 497 Subscriber List American Broadband apparently included more than 1,200 ineligible non-usage subscribers—subscribers that had not used Lifeline service for 91 days prior to August 1, 2016.

Table 8: Ineligible Non-Usage Subscribers Claimed on American Broadband Subscriber List (Post Purported Corrections)

State	Aug-16
Michigan	758
Ohio	151
Illinois	144
Kentucky	49
Indiana	43
Wisconsin	22
South Carolina	13
Puerto Rico	12
Nevada	10
Pennsylvania	9
Missouri	8
West Virginia	1
Arizona	1
Minnesota	1
Colorado	-
Maryland	-
Rhode Island	-
Utah	-

109. In comparing the ineligible non-usage subscribers in Table 7 above (ineligible since at least December 2014) with Table 8, there is an overlap of only two subscribers. Thus, from August 2016 through December 2016, the Company apparently sought support for two separate categories of ineligible non-usage subscribers, totaling more than fifteen hundred ineligible non-usage subscribers. These subscribers had failed to use their Lifeline-supported service for more than 90 days, and although the Commission's rules (prior to December 2, 2016) instructed ETCs to de-enroll subscribers that failed to use the service "for 60 consecutive days," who do not cure their non-usage during the notice period, the Company apparently not only failed to timely de-enroll the subscribers, but also improperly continued to seek and receive support for those subscribers. Thus, the Company apparently violated sections 54.405(e)(2) and 54.407(c)(2) of the Commission's rules.

[264] July 2016 was the latest month reviewed by GJM in the 30-month period.

[265] The Bureau gathered the data in Table 8 using the GJM's procedures as provided to the Commission. Based on a review of the Company reported non-usage data, on the Subscriber List for data month September 2016, American Broadband did not continue to seek support for any of the identified ineligible non-usage subscribers.

2. American Broadband Apparently Sought Support for Subscribers Who Had Transferred Their Lifeline Benefit to Another Carrier

110. American Broadband indicated to the Commission that it learned of its erroneous claims for subscribers that had transferred their Lifeline benefit to another Lifeline provider when it chose to self-audit its subscriber records in early June 2016 and subsequently engaged Murphy Consulting to do a comparison of the Company's customer databases with the database of customers assigned to the Company's SACs in NLAD.[266] The Bureau reviewed the Company's records concerning benefit transfers and found that the Company apparently violated sections 54.404(b), 54.405(e)(1), and 54.407(a) of the Commission's rules.[267]

111. In March 2014, when USAC/Commission started utilizing NLAD, USAC began sending communications to American Broadband concerning benefit transfers. On March 1, 2014, American Broadband received an e-mail from USAC with the subject line "NLAD Notice – Benefit Transfer" (NLAD Notice).[268] In the e-mail, USAC communicated that NLAD "has transferred the Lifeline benefit of at least one subscriber . . . please log into NLAD and run a report . . ."[269]

112. After receiving this e-mail, Jeffrey Ansted forwarded the message to [redacted],[270] asking, "[redacted]?"[271] In response, [redacted] stated, "[redacted]."[272] Subsequently, [redacted] attached a file entitled, "Transaction Detail Report,"[273] which listed the name, address and phone number of the relevant subscriber.[274] The report also described the transfer type as "TRANSFEROUT" and listed the NLAD Transaction Date, the date that USAC completed the transfer, as February 28, 2014.[275] Based on the Company's Subscriber Lists, American Broadband continued to seek Lifeline support for that subscriber on its Forms 497 for data months April 2014, May 2014, June 2014, July 2014, August 2014, September 2014, and October 2014, despite receiving notice from USAC that the customer had transferred their Lifeline benefit in March 2014.

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[266] May 25 LOI Response at 17. American Broadband states that to identify subscribers who transferred away from American Broadband but were erroneously claimed on Form 497s, Murphy Consulting compared subscriber disconnect dates from American Broadband's database against the dates that NLAD indicated the subscribers transferred away. *Id.*

[267] 47 CFR §§ 54.404(b)(1), (2) (providing that an ETC must not seek Lifeline support for a subscriber if NLAD indicates that the subscriber currently receives Lifeline support from another carrier). *See also* 47 CFR § 54.405(e)(1).

[268] *See, e.g.,* E-mail from USAC, to Jeffrey Ansted, President, American Broadband (Mar. 1, 2014 8:00 a.m.) at ABT-OIG02061717.

[269] *Id.*

[270] E-mail from Jeffrey Ansted, President, American Broadband, to [redacted], Operations Manager, American Broadband (Mar. 1, 2014, 2:07 p m.) at ABT-OIG02061718.

[271] E-mail from Jeffrey Ansted, President, American Broadband, to [redacted], Operations Manager (Mar. 1, 2014, 2:07 p.m.) at ABT-OIG02061717.

[272] E-mail from [redacted], Operations Manager, American Broadband, to Jeffrey Ansted, President, American Broadband (Mar. 1, 2014, 4:09 p m.) at ABT-OIG00022291 and Attachment at ABT-OIG00022292.

[273] USAC (NLAD) generates the Transaction Detail Report from ETC benefit transfer information updated in the database.

[274] E-mail from [redacted], Operations Manager, American Broadband, to Jeffrey Ansted, President, American Broadband (Mar. 1, 2014, 4:09 p m.) at ABT-OIG00022291 and Attachment at ABT-OIG00022292.

[275] *Id.*

113. By March 4, 2014, Jeffrey Ansted had received at least one more NLAD Notice.[276] Jeffrey Ansted forwarded the notice to the Company's operations manager writing, "[redacted]"[277] On March 8, 2014, American Broadband received several additional benefit transfer notices from USAC.[278]

114. On March 11, 2014, Jeffrey Ansted received an e-mail from USAC concerning Lifeline Program Benefit Transfer Guidance, which stated "[w]hen a Lifeline Program subscriber is being transferred from one . . . ETC to another, both carriers will receive a notice that the transfer was completed successfully in NLAD. The losing ETC must de-enroll the subscriber within five (5) business days of the transfer notice from NLAD."[279] On the same day, Jeffrey Ansted scheduled a meeting with the Company's management including the Director of Sales and Marketing, Director of Wireless Operations, and Lifeline Operations Manager, to discuss, among other things, "[redacted]."[280]

115. On March 12, 2014, [redacted] e-mailed [redacted], stating, "[redacted]," and attaching a [redacted].[281] The report included information for 24 subscribers in Michigan, Ohio and West Virginia whose benefit transfers USAC had processed between the period of February 28, 2014 and March 11, 2014 (March 11th Transaction Report).[282] Also, on March 12, 2014, [redacted] sent an e-mail to Jeffrey Ansted stating, "[redacted]"[283] and in an e-mail sent on March 13, 2014, [redacted] communicated to Ansted, "[redacted]."[284]

116. Based on the Company's Subscriber Lists,[285] American Broadband continued to seek and receive Lifeline support for the benefit transfer subscribers, in contravention of section 54.407(a) of the Commission rules, which states that Lifeline support shall be paid to an ETC "based on the number of

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[276] E-mail from USAC, to Jeffrey Ansted, President, American Broadband (Mar. 4, 2014, 9:14 a m.) (NLAD benefit transfer notice dated Mar. 4, 2014) at ABT-OIG02061719.

[277] *Id.*

[278] *See, e.g.,* E-mails from USAC to Jeffrey Ansted, President, American Broadband (Mar. 8, 2014, 1:00 p.m.; 12:59 p.m.; 1:59 p.m.) ABT-OIG00021039, ABT-OIG00021040, ABT-OIG00021041, ABT-OIG00021042. Jeffrey Ansted forwarded the NLAD benefit transfer notices to [redacted]. See E-mail from Jeffrey Ansted, President, American Broadband, to [redacted], Operations Manager, American Broadband (Mar. 11, 2014 12:27 p.m.) at ABT-OIG00021037.

[279] E-mail from NLAD Bulletin [mailto:nlad-bulletin@lists.universalservice.org] to Jeff Ansted (Mar. 11, 2014, 4:16 p.m.); E-mail from Jeffrey Ansted, American Broadband, to [redacted], [redacted], [redacted], and [redacted], American Broadband (Mar. 11, 2014, 3:23 p m.) at ABT-OIG02089148.

[280] *Id.*

[281] E-mail from [redacted], Wireless Operations Manager, American Broadband, to [redacted], Director of Sales and Marketing, American Broadband (Mar. 12, 2014, 7:57 a m.) at ABT-OIG00137085.

[282] *Id.* at Attachment (ABT-OIG00137086).

[283] E-mail from [redacted], Wireless Operations Manager, American Broadband, to Jeffrey Ansted, President, American Broadband (Mar. 12, 2014, 10:14 a.m.) at ABT-OIG02061909.

[284] ABT-OIG00018123. In an e-mail on March 7, 2014, referring to benefit transfers, Jeffrey Ansted had asked [redacted] "[redacted]?" *See* ABT-OIG00017251. On the same day, [redacted] responded, "[redacted]." *Id.*

[285] *See supra* para. 31. USAC instructed American Broadband that, beginning with its January 2017 filing, it must provide a list of subscribers to support each of its Forms 497. The Bureau later requested Subscriber Lists for each Form 497 "for the period of January 1, 2014 through December 31, 2016." *See* LOI at Inquiry 45.

actual qualifying low-income consumers it serves directly as of the first day of the month."[286] Based on the dates that the subscribers had transferred their Lifeline benefit, as reported in the March 11th Transaction Report, none of the 24 subscribers should have been reported on American Broadband's data month April 2014 Form 497.[287] However, based on the Company's Subscriber Lists, American Broadband apparently sought support for 22 of the 24 subscribers on its Forms 497 for data month April 2014.[288] The Company gradually removed each of the 24 subscribers from its Subscriber Lists on various days after April 24, 2014. Based on its Subscriber Lists, American Broadband continued to seek support for 8 of the 24 subscribers on its Form 497 for data month December 2014. Additionally, for three of the 24 subscribers, the Company sought and received Lifeline support continuously from March 2014 through December 2016.

117. USAC/NLAD continued to send benefit transfer notices to American Broadband, but the Company failed to stop seeking Lifeline support for subscribers that USAC indicated had transferred their benefits to another ETC. According to Company data, from January 2016 to August 2016, the Company sought and received support for [redacted] ineligible benefit transfers.[289]

118. *Customer Notifications of Benefit Transfer*. Based on Company records, on at least two occasions, American Broadband apparently failed to de-enroll and stop seeking Lifeline support for subscribers who had contacted the Company directly to inform the Company that they were no longer using its Lifeline service.

119. On June 7, 2016, [redacted], American Broadband's, Director of Commercial Accounts and Call Center, e-mailed [redacted], listing two account numbers and providing, "[redacted]."[290] With respect to one of the accounts (#[redacted]), American Broadband reported in NLAD that the subscriber enrolled with American Broadband on May 15, 2015 and de-enrolled from the Company's Lifeline program on January 16, 2017.[291]

120. American Broadband sought Lifeline support for the subscriber on its Forms 497 Subscriber Lists continuously from May 2015 through January 2017.[292] Thus, American Broadband apparently continued to seek support for this subscriber beyond data month June 2016—when it received notice that the customer had de-enrolled from the Company's Lifeline program. And, the Company apparently continued to seek and receive support for the subscriber well after it notified the Commission and USAC in August 2016 that it had corrected its non-usage issues.

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[286] 47 CFR § 54.407(a).

[287] Carriers must submit a Form 497 for each month (and each SAC) that it seeks Lifeline reimbursement. On the Form 497, the "data month" is the month for which the ETC is reporting data. *See* FCC Form 497 Instructions.

[288] Commission staff reviewed each of the relevant Subscriber List using the identification information contained in the March 11th Transaction Report.

[289] Letter from Kelley Drye & Warren LLP, Counsel for American Broadband, to USF Strike Force (Dec. 29, 2017), Attachments (ABTC-00000160 – ABTC-00000189).

[290] E-mail from [redacted], American Broadband, to [redacted], American Broadband (June 2, 2016, 2:23 p m.) at ABT-OIG02093346 (listing account numbers [redacted] and [redacted]).

[291] NLAD, American Broadband, De-enrolled Subscriber Worksheet (May 23, 2017) (De-Enrolled Subs File).

[292] American Broadband Form 497 Subscriber Lists, May 2015 through January 2017 at ABT-OIG00152139, ABT-OIG00152133, ABT-OIG00152181, ABT-OIG00152129, ABT-OIG00152121, ABT-OIG00152146, ABT-OIG00152144, ABT-OIG00152123, ABT-OIG00152142, ABT-OIG00152128, ABT-OIG00152126, ABT-OIG00152137, ABT-OIG00152119, ABT-OIG00152175, ABT-OIG00152140, ABT-OIG00152134, ABT-OIG00152130, ABT-OIG00529405, ABT-OIG00529407, ABT-OIG00529411, ABT-OIG00529409, ABT-OIG00529406, and ABT-OIG02186824.

121. With respect to the other account, #[redacted], in NLAD, the Company reported May 21, 2015 as the subscriber's original service activation date and August 30, 2016 as the date that the subscriber de-enrolled from American Broadband's Lifeline program.[293] The Company's internal data indicated that the subscriber had de-enrolled from American Broadband's Lifeline program on August 29, 2016, but also indicated that the date of the subscriber's last qualifying usage was January 21, 2016.[294] American Broadband reported the subscriber continuously on its Forms 497 Subscriber Lists from May 2015 until July 2016.[295]

122. *Company Policies on Benefit Transfers*. As discussed above, internally, the Company's management discussed benefit transfers. In e-mails dated April 4, 2014, [redacted] asked [redacted] [redacted] and "[redacted]."[296] [redacted] responded, "[redacted]" and "[redacted]."[297] Thus, whether or not the Company had actual written procedures to handle benefit transfers, its management, including the Company's president, was aware, by at least April 2014, that it was responsible for resolving benefit transfers within its records.

123. American Broadband specifically addressed benefit transfers, stating to the Bureau that [redacted]"[298] To test the effectiveness of the Company's SOP, the Bureau compared (1) the list of benefit transfers that the Company indicated it had provided to GJM to review with (2) the Company's Subscriber Lists for August 2016 through December 2016. As suggested in Table 9, the Company's policies and procedures did not ensure compliance with the requirements governing benefit transfers.

Table 9: American Broadband Claims for Lifeline Support for Ineligible Benefit Transfers After Purported Corrections, Based on Subscriber Lists Supporting Its Forms 497

	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
Ohio	451	397	364	331	324
Michigan	503	278	260	229	212
Indiana	37	29	28	26	25
Illinois	34	15	15	12	2
West Virginia	7	7	7	6	6

[293] *See* De-Enrolled Subs File.

[294] Fusion Disconnection Report at ABTC-00000154.

[295] Subscriber Lists Michigan, May 2015-July 2016 at ABT-OIG00152139, ABT-OIG00152133, ABT-OIG00152181, ABT-OIG00152129, ABT-OIG00152121, ABT-OIG00152146, ABT-OIG00152144, ABT-OIG00152123, ABT-OIG00152142, ABT-OIG00152128, ABT-OIG00152126, ABT-OIG00152137, ABT-OIG00152119, ABT-OIG00152175, ABT-OIG00152140, ABT-OIG00152134 & ABT-OIG00152130.

[296] E-mail from Jeffrey Ansted, American Broadband, to [redacted], American Broadband (Apr. 4, 2014, 11:56 a.m.) at ABT-OIG02061911; E-mail from Jeffrey Ansted, American Broadband, to [redacted], American Broadband (Apr. 4, 2014, 12:04 p m.) at ABT-OIG02061912.

[297] E-mail from [redacted], American Broadband, to Jeffrey Ansted, American Broadband (Apr. 4, 2014, 11:58 a.m.) at ABT-OIG02061911; E-mail from [redacted], American Broadband, to Jeffrey Ansted, American Broadband (Apr. 4, 2014, 12:58 p m.) at ABT-OIG02061911.

[298] May 25 LOI Response at 10.

Wisconsin	8	8	6	5	5
Kentucky	16	4	2	2	2
Puerto Rico	7	4	4	4	-
South Carolina	6	4	3	3	2
Missouri	4	1	1	1	-
Nevada	1	-	-	-	-
Arizona	-	-	-	-	-
Colorado	-	-	-	-	-
Maryland	-	-	-	-	-
Minnesota	-	-	-	-	-
Pennsylvania	-	-	-	-	-
Rhode Island	-	-	-	-	-
Utah	-	-	-	-	-
TOTAL	**1,074**	**747**	**690**	**619**	**578**

124. As indicated in Table 9, American Broadband apparently continued to claim on its Forms 497 customers that it knew had transferred their Lifeline benefits to another ETC, even after the Company indicated to the Commission that it had corrected all issues related to benefit transfers. By the Company's own admission, it knew that these customers had transferred their Lifeline benefit to another Lifeline provider. Thus, from at least August 2016 through December 2016, American Broadband apparently violated sections 54.404(b), 54.405(e)(1), and 54.407(a) of the Commission's rules.[299]

3. American Broadband Apparently Sought Lifeline Support for Subscribers that its Management Knew Should have been De-enrolled

125. Based on the Company's records, on at least four separate occasions between May 2014 and August 2016, the Company's management, apparently knowingly failed to de-enroll ineligible subscribers from its Lifeline program. As discussed below, in each instance the Company continued to seek Lifeline support for the ineligible subscribers on its Form 497 in apparent violations of sections 54.407(a), (d), and (e) of the Commission's rules.

126. On May 29, 2014, in an e-mail with the subject line "[redacted]," [redacted] wrote to members of American Broadband's management team, including Ansted, "[redacted]."[300] [redacted] indicated that the Company had [redacted] duplicate subscribers ("[redacted]") and "[redacted]" which equaled "[redacted]."[301] He wrote that the [redacted] subscribers represented "[redacted]" of the "[redacted]."[302] He indicated, "[redacted]," and "[redacted]."[303]

[299] 47 CFR §§ 54.404(b)(1)-(2), 54.405(e)(1).

[300] E-mail from [redacted], American Broadband, to [redacted], [redacted], [redacted], Jeffrey Ansted, and [redacted], American Broadband (May 29, 2014, 5:15 a m.) at ABT-OIG00092126.

[301] *Id.*

[302] *Id.*

[303] *Id.*

127. Ansted replied, "[redacted]?[304] [redacted] answered, [redacted]."[305] He wrote, "[redacted]"[306] Jeffrey Ansted responded: [redacted]."[307]

128. American Broadband followed a similar approach months later when it discovered that its Lifeline database included ineligible subscribers. [redacted] wrote to members of the Company's management team, including the president of the Company, that, [redacted]"[308] [redacted] stated that he had queried Fusion for any response returned as "[redacted]" and "[redacted]."[309] [redacted] indicated that [redacted]."[310] [redacted] explained, "[redacted]."[311] Ansted asked, "[redacted]?"[312] [redacted] replied, "[redacted]."[313] [redacted] inquired, "[redacted]?"[314] [redacted] responded, [redacted]"[315] [redacted] responded, "[redacted]

[304] E-mail from Jeffrey Ansted, American Broadband, to [redacted], cc [redacted], [redacted], [redacted], and [redacted], American Broadband (May 29, 2014, 8:19 a m.) at ABT-OIG00084347.

[305] *Id.* (quoting, [redacted]").

[306] E-mail from [redacted], American Broadband, to Jeffrey Ansted, cc [redacted], [redacted], [redacted], and [redacted], American Broadband (May 29, 2014, 8:36 a m.) at ABT-OIG00084347.

[307] E-mail from Jeffrey Ansted, American Broadband, to [redacted], cc [redacted] and [redacted], American Broadband (May 29, 2014, 9:58 a.m.) at ABT-OIG00084347.

[308] E-mail from [redacted], American Broadband, to [redacted], [redacted], [redacted], Jeffrey Ansted, and [redacted], American Broadband (July 9, 2014, 9:20 a m.) at ABT-OIG00020914.

[309] *Id.*

[310] *Id.*

[311] *Id.*

[312] E-mail from Jeffrey Ansted, American Broadband, to [redacted], cc [redacted], [redacted], [redacted], and [redacted], American Broadband (July 9, 2014, 10:29 a m.) at ABT-OIG00020913.

[313] E-mail from [redacted], American Broadband, to Jeffrey Ansted, [redacted], [redacted], [redacted], and [redacted], American Broadband (July 9, 2014, 11:07 a m.) at ABT-OIG00020912 -ABT-OIG00020913.

[314] E-mail for [redacted], American Broadband, to [redacted], Jeffrey Ansted, cc [redacted], [redacted], and [redacted], American Broadband (July 9, 2014, 10:44 a m.) at ABT-OIG00020913.

[315] E-mail from [redacted], American Broadband, to [redacted], Jeffrey Ansted, cc [redacted], [redacted], and [redacted], Amer[illegible]band (July 9, 2014, 11:07 a.[illegible]T-OIG00020912 (sta[illegible]).

[redacted]."[316] [redacted] later wrote, "[redacted]."[317]

129. Again, two years later, on June 7, 2016, [redacted] e-mailed [redacted] concerning "[redacted]."[318] [redacted] wrote, "[redacted]."[319] [redacted] stated, [redacted]"[320]

130. Based on [redacted] e-mail, the Bureau examined the Company's disconnection orders to BeQuick for the period June 2016 through December 2016.[321] Based on the records in the Fusion database, from June 15, 2016 through August 30, 2016, an American Broadband employee disconnected more than 425 customers from its system nearly every day.[322] Additionally, from September 1 through December 30, 2016, Company employees continued to disconnect customers in Fusion,[323] and as a result of the disconnections performed by American Broadband employees from June 2016 through December 2016, American Broadband de-enrolled tens of thousands of customers. In addition to the review of the data from BeQuick, the Bureau reviewed the list of subscribers relevant to the June 7, 2016 e-mail provided by American Broadband.[324] The Bureau compared the list from American Broadband with the Company's Subscriber Lists corresponding with the Forms 497 for data months August 2016 through December 2016. On its Forms 497 from August 2016 through December 2016, the Company continued to seek support for the balance of the customers that it had identified as to-be disconnected through its gradual, rolling disconnection process until the month that Company actually disconnected those customers in Fusion. Thus, the Company apparently sought Lifeline support for at least some of the to-be disconnected customers on each of its Form 497 from at least August 2016 through December 2016.

131. As indicated in Table 10, in data month August 2016, the Company apparently improperly sought Lifeline support for 7,458 subscribers that should have been de-enrolled by at least data month July 2016. The Company apparently requested support for at least 22,081 ineligible customers on its Forms 497 for data months August 2016 through December 2016. American Broadband apparently did not include these customers in its calculation of the overpayments from the Fund.

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[316] E-mail from [redacted], American Broadband, to [redacted], Jeffrey Ansted, cc [redacted], [redacted], and [redacted], American Broadband (July 9, 2014, 11:10 a m.) at ABT-OIG00020912.

[317] E-mail from [redacted], American Broadband, to [redacted], Jeffrey Ansted, cc [redacted], [redacted], and [redacted], American Broadband (July 9, 2014, 11:17 a m.) at ABT-OIG0020908.

[318] E-mail from [redacted], American Broadband, to [redacted], American Broadband (June 7, 2016, 8:11 a m.) at ABT-OIG01952746 (indicating that the spreadsheet "[redacted]").

[319] *Id.*

[320] *Id.*

[321] "AMBT Bulk Disconnection" (Excel Spreadsheet) from BeQuick to Enforcement Bureau, FCC (Mar. 21, 2018).

[322] *Id.* During this period, BeQuick also de-enrolled subscribers from the Company's Lifeline program.

[323] *Id.*

[324] *See* Letter from Kelley Drye & Warren LLP, Counsel for American Broadband, to Eric Phelps, FCC (July 12, 2018) at Attachment, ABT-OIG02187796.

Table 10: Subscribers that Should Have Been Purged (De-enrolled) in June 2016 - Based on Subscriber Lists Supporting Its Forms 497					
	Aug. 2016	Sept. 2016	Oct. 2016	Nov. 2016	Dec. 2016
Number of Subscribers	7,458	5,794	4,047	2,802	1,980

132. On August 2, 2016, [redacted] sent an e-mail to [redacted] with the subject line "NLAD VS Fusion," attaching an Excel spreadsheet.[325] In the attachment, [redacted] compared the number of "[redacted]" against "[redacted]."[326] According to data contained in the spreadsheet, the Company had nearly [redacted] more Non-NLAD subscribers in its Fusion database than it did in NLAD. Thus, according to data in the spreadsheet, the Company had nearly [redacted] "[redacted]."[327] In the spreadsheet, [redacted] communicated that "[redacted]," the Company would have nearly 32,000 "[redacted]" or "[redacted]."[328] In the e-mail, [redacted] stated "[redacted]."[329] The next day, [redacted] wrote an e-mail to Ansted, including the data from the Excel spreadsheet.[330] [redacted] wrote, [redacted]."[331] He continued,

> [redacted].[332]

Thus, the Company apparently sought Lifeline support for subscribers that had never been enrolled in NLAD. Based on its records, when the Company was unsure whether [redacted]% of its base were valid Lifeline subscribers, the Company still apparently opted to seek support for those customers.

133. In consideration of the Company's "NLAD VS Fusion" e-mails, the Bureau reviewed the Company's full Subscriber List (all SACs) for data month August 2016, the number of subscribers claimed on its August 2016 Form 497, and the subscriber records in NLAD. Based on our review, the Company sought support for 22,193 subscribers whose records were not in NLAD.[333] Thus, the Company

[325] E-mail from [redacted], American Broadband, to [redacted], American Broadband (Aug. 2, 2016, 2:04 p m.) at ABT-OIG02140562.

[326] *Id.*

[327] *Id.*

[328] *Id.*

[329] *Id.*

[330] E-mail from [redacted], American Broadband, to Jeffrey Ansted, American Broadband (Aug. 3, 2016, 2:32 p.m.) at ABT-OIG00005343.

[331] *Id.*

[332] *Id.*

[333] The Bureau did not consider if or when the customers were enrolled in NLAD, and therefore the total here is relevant to only August 2016.

apparently violated section 54.407(a) of the Commission's rules which provides for USF support to ETCs based on the number of actual qualifying low-income customers that it serves directly.[334]

C. How American Broadband Used its Lifeline Support

134. From May 2009 through May 2018, American Broadband received Lifeline support totaling $97,700,219.[335] Pursuant to the Commission's rules, an ETC may receive Lifeline support for providing Lifeline support to a qualifying low-income subscriber, if the ETC certifies that it "will pass through the full amount of support to the qualifying low-income consumer."[336] Additionally, an ETC must use the support only for its intended use.[337] On the Form 498, ETCs must provide the financial institution and remittance information for the financial institution to which its USF support is to be deposited.[338] From the Company's Form 498, the Bureau identified the financial institution where American Broadband maintained the account in which its Lifeline funds were deposited (Lifeline Deposit Account).[339] Since the creation of the account, Jeffrey Ansted alone had signatory authority on the account. From at least January 2014 to April 2017, American Broadband received all of its Lifeline support into the Lifeline Deposit Account. As discussed below, Jeffrey Ansted transferred, by checks and wires, funds from the Lifeline Deposit Account to various other accounts, including Ansted's personal and trust accounts.

1. Jeffrey Ansted Apparently Used Funds from the Company's Lifeline Deposit Account for his Personal Benefit

135. Jeffrey Ansted apparently used Lifeline support for his personal benefit. From January 2014 to February 2017, Jeffrey Ansted authorized transfers totaling at least $10 million from the Lifeline Deposit Account to several personal accounts and used funds transferred from the Lifeline Deposit account for personal purchases.[340] For example, in April 2014, Jeffrey Ansted purchased a $1.3 million condominium in Florida using funds transferred from the Lifeline Deposit Account for the purchase deposit.[341] On November 16, 2015, Jeffrey Ansted wired $[redacted] from the Lifeline Deposit Account to a personal account, and two days later, he purchased a $250,000 convertible Ferrari 458 Spider.[342] In May and July 2015, Jeffrey Ansted used the Lifeline Deposit Account to pay for tens of thousands of dollars of landscaping fees.[343] Additionally, Jeffrey Ansted used funds from (or transferred from) the Lifeline Deposit Account to pay for clothing, country club and yacht club memberships in Florida, and boat slip fees in Michigan.[344]

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[334] 47 CFR § 54.407(a) (2015). *See also* 47 CFR § 54.404(b)(6) (requiring ETCs to transmit certain information into the database for each new and existing Lifeline subscriber).

[335] *See* Lifeline Disbursement Tool, https://www.usac.org/li/tools/disbursements/results.aspx (last visited May 28, 2018). This total includes wireline and wireless Lifeline service.

[336] 47 CFR § 54.403(a)(1).

[337] 47 CFR § 54.7 (providing that an ETC must use universal service support "only for the provision, maintenance, and upgrading of facilities and services for which the support is intended").

[338] *See generally* FCC Form 498.

[339] The Lifeline Deposit Account was a brokerage service account in the name of "American Broadband and Telecommunications."

[340] American Broadband Bank Records, on file in EB-IHD-17-00023554.

[341] *Id.*

[342] Jeffrey Ansted titled and registered the Ferrari in his name. On file in EB-IHD-17-00023554.

[343] American Broadband Bank Records, on file in EB-IHD-17-00023554. The fees totaled approximately $[redacted].

[344] *Id.*

136. Jeffrey Ansted used money from the Lifeline Deposit Account toward the purchase of an $8 million Cessna 525C jet. Specifically, on December 22, 2015, Jeffrey Ansted executed a purchase agreement for the jet, and on the same day, he wired a $[redacted] deposit to the plane's manufacturer from the Lifeline Deposit Account.[345] On January 29, 2016, Jeffrey Ansted wired an additional $[redacted] from the Lifeline Deposit Account to the plane's manufacturer.[346]

137. After the plane was delivered in March 2016, Jeffrey Ansted and his family used it for personal travel. As an example, on March 24, 2016, Jeffrey Ansted notified a relative that "[redacted]."[347] Based on flight records for the jet, from June 17-19, 2016, at least one member of the Jeffrey Ansted family traveled round trip from Toledo, Ohio to Martin State Airport in Middle River, Maryland.[348] According to a tournament schedule and team rosters, the lacrosse club that Jeffrey Ansted's eldest son played on participated in that lacrosse tournament in Towson, Maryland (approximately 13 miles from Martin State Airport) from June 17-19, 2016.

138. According to flight records, on March 26, 2017, Jeffrey Ansted, his wife, and youngest child flew from Toledo Express Airport to Owen Roberts International Airport (the Grand Cayman Island).[349] The family returned to Toledo four days later.[350] On March 30, 2017, a family member posted a photo showing Ansted's family on a beach; the photo's location was tagged "Grand Cayman Island."[351]

139. On February 5, 2017, Jeffrey Ansted, relatives, and friends traveled to Toronto, Canada.[352] As detailed in the flight manifests, the relatives and friends remained in Toronto, but shortly after arriving in Toronto, Jeffrey Ansted and another family member flew to Philadelphia, Pennsylvania.[353] Based on flight records, the jet returned to Toronto to pick-up the other family members and friends for a flight back to Toledo.[354]

140. As detailed in flight records, Jeffrey Ansted and his family used the jet to make at least nine trips to Florida between March 2016 and April 2017.[355] On December 27, 2016, at least one member of the Ansted family flew from Toledo, Ohio, to Sarasota-Bradenton International Airport in Florida,[356] which is near the family's condominium that was purchased with funds transferred from the Lifeline Deposit Account, and also where Jeffrey Ansted had memberships at a nearby golf club and yacht club memberships which were paid, in part, by funds from the Lifeline Deposit Account.[357]

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[345] *Id*.

[346] Jeffrey Ansted titled and registered the jet under his holding company, Glenmore-Tuscarauras. American Broadband leased the jet from Glenmore-Tuscarauras and provided funds from the Lifeline Deposit Account for the maintenance, fuel, and ownership costs associated with the jet's operations. *See supra* Section II.B.1.

[347] E-mail from [redacted] to Jeffrey Ansted, American Broadband (Mar. 24, 2016, 12:34 p.m.) at ABT-OIG00004083.

[348] On file in EB-IHD-17-00023554.

[349] On file in EB-IHD-17-00023554.

[350] On file in EB-IHD-17-00023554.

[351] American Broadband Bank Records, on file in EB-IHD-17-00023554.

[352] On file in EB-IHD-17-00023554.

[353] On file in EB-IHD-17-00023554.

[354] On file in EB-IHD-17-00023554.

[355] *See* Appendix C.

[356] The following day, an Ansted family member posted on a social media site a photo of a beach; the photo's location was tagged Longboat Key, Florida.

[357] On file in EB-IHD-17-00023554.

IV. DISCUSSION

141. Based on evidence developed in this Investigation, American Broadband apparently willfully and repeatedly violated sections 54.404(b)(1), (2), 54.405(e)(1)-(3), 54.407(a), (c), (d), (e), and 54.410(a) and (c) of the Commission's rules. The Company's agents apparently created improper Lifeline accounts, by, among other things, enrolling duplicate customers and deceased individuals. Month after month, the Company filed its Forms 497, continually seeking support for identified, improper Lifeline accounts. The Company also apparently failed to de-enroll ineligible non-usage subscribers and benefit transfers, as well as failed to de-enroll subscribers that it knew were no longer eligible to receive Lifeline benefits. Additionally, the Company generally lacked policies and procedures to ensure compliance with the Commission's rules governing, among other things, subscriber enrollment and de-enrollments. The Company made certain Admissions to the Commission and offered assurances that it had resolved all issues that resulted in it improperly receiving more than $[redacted] from the Fund. However, the Company apparently continued to violate the Commission's rules after August 2016, and the Company's noncompliance was apparently far more extensive than it reported to the Commission.

A. American Broadband's Agents Apparently Created Improper Lifeline Enrollments and the Company Apparently Knowingly Sought and Received USF Support for those Ineligible Enrollments

142. American Broadband apparently violated sections 54.404(b)(2) and (3) of the Commission's rules, which provide that an ETC "must not provide and shall not seek or receive Lifeline reimbursement" for a subscriber who "is currently receiving Lifeline service" and "must not seek and will not receive Lifeline reimbursement" for providing Lifeline service to an individual residing where "another individual . . . is currently receiving a Lifeline service" unless that individual has certified that no one in his or her household is already receiving Lifeline service.[358] The Company also apparently violated: (1) section 54.410(a), which mandates that ETCs implement policies and procedures to ensure that their subscribers are eligible to receive Lifeline service; (2) sections 54.410(a)(1) and (2), which instruct ETCs to confirm that their subscribers are qualifying low-income subscribers, as defined by program rules;[359] and (3) sections 54.410(b)(1)(ii) and (c)(1)(ii), which require ETCs to securely retain copies of the documentation demonstrating customers' income-based or program-based eligibility. Based upon the Bureau's analysis of American Broadband's Forms 497 and Subscriber Lists for data months August 2016 through December 2016, the Company apparently sought and received Lifeline support for thousands of improper Lifeline enrollments.

1. American Broadband Apparently Knowingly Sought Lifeline Support for Improper Lifeline Enrollments

143. American Broadband contracted with master agents to enroll its customers into the Lifeline program, and the Company is responsible for those agents and any of their conduct that violates the Commission's rules.[360] American Broadband's agents apparently manipulated names, addresses, SSNs, and DoBs to improperly enroll consumers into the Lifeline program.[361] Based on Company

[358] 47 CFR § 54.404(b)(2)-(3).

[359] 47 CFR § 54.410(a) (requiring an ETC to confirm that "the consumer is a qualifying low-income consumer pursuant to § 54.409" and complete the "eligibility determination and certifications" required by program rules). *See also* 47 CFR § 54.403(a)(1) (stating that the basis Lifeline support amount "will be made available to an [ETC] providing Lifeline service to a qualifying low-income consumer").

[360] *Lifeline and Link Up Modernization and Reform*, WC Docket No. 11-42, Order, 28 FCC Rcd 9057 (WCB 2013); FCC Enforcement Advisory, 28 FCC Rcd 9022 (EB 2013).

[361] *See supra* Section III.A.1; 47 CFR § 54.404(b)(6) (providing that an ETC must transmit to NLAD "each new and existing Lifeline subscriber's full name . . . full residential address . . . date of birth and the last four digits of the subscriber's Social Security number").

records submitted to the Bureau, American Broadband offered little or no training to its master agents but it allowed those master agents to supervise and train subagents, who enrolled most of the Company's Lifeline customers in the period February 2014 to December 2016.

144. By at least August 2014, American Broadband had concerns about compliance as it related to at least one of its master agents, [redacted].[362] That same month, [redacted] and [redacted] discussed the need for an employee to verify inbound orders to ensure that the Company remained compliant.[363] By at least December 2015, American Broadband had an employee in place reviewing agents' Lifeline orders, and that employee, regularly communicated to the Company's management instances of apparent non-compliance by the Company's agents.

145. American Broadband's management was apparently aware that agents hired to enroll Lifeline subscribers for the Company were manipulating personal information to create additional Lifeline enrollments. On December 17, 2015, [redacted] wrote to [redacted] about "[redacted]" accounts.[364] On January 25, 2016, [redacted] e-mailed [redacted] about "[redacted]",[365] identifying accounts that appeared to include "[redacted]."[366] On February 22, 2016, [redacted] e-mailed [redacted] about "[redacted]," writing that agents were trying to "[redacted]."[367] On March 7, 2016, [redacted] e-mailed [redacted] and [redacted], indicating that approximately "[redacted]" and "[redacted]."[368] On March 23, 2016, [redacted] forwarded to Jeffrey Ansted an Excel file which highlighted apparent manipulations on the names, DoBs, and SSNs of Lifeline enrollments by subagents of 12 different master agents.[369]

146. American Broadband's agents also apparently manipulated address information to create improper Lifeline enrollments. By at least March 2016, American Broadband apparently knew that its agents were not complying with the one-per-household requirement. In March 2016, [redacted] notified, among others, the Company's Vice President of Operations, about the number of individuals that agents had enrolled at "[redacted]."[370] In April 2016, the Company's Director of Wireless Operations contacted the Company's Lifeline vendor, BeQuick, to limit the number

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[362] E-mail from [redacted], American Broadband, to Jeffrey Ansted, American Broadband (Aug. 5, 2014, 8:32 p.m.) at ABT-OIG00005867.

[363] E-mail from [redacted], American Broadband, to [redacted], American Broadband (Aug. 1, 2014, 9:37 a.m.) at ABT-OIG02061921, ABT-OIG02061922.

[364] E-mail from [redacted], American Broadband, to [redacted], American Broadband (Dec. 17, 2015, 11:35 a.m.) at ABT-OIG01298871. [redacted] communicated that the letter "[redacted]" had been had been added to first and last names of enrolled individuals, "[redacted]."

[365] E-mail from [redacted], American Broadband, to [redacted], America Broadband (Jan. 25, 2016, 4:12 p.m.).

[366] *Id.* Among other things, [redacted] detailed that agents had added initials and suffixes to names.

[367] E-mail from [redacted], American Broadband, to [redacted], America Broadband (Feb. 22, 2016, 12:25 p.m.).

[368] E-mail from [redacted], American Broadband, to [redacted] and [redacted], American Broadband (Mar. 7, 2016, 9:51 a m.). [redacted] provided a similar notice the next day, indication that [redacted]% of [redacted] accounts had added suffixes and [redacted]% of his accounts were duplicates. *See* E-mail from [redacted], American Broadband, to [redacted] and [redacted], American Broadband (Mar. 8, 2016, 9:26 a m.).

[369] E-mail from [redacted], American Broadband, to Jeffrey Ansted and [redacted], American Broadband (Mar. 23, 2016, 2:09 p.m.) (attaching a spreadsheet and writing, "[redacted]").

[370] E-mail from [redacted], American Broadband, to [redacted], [redacted], and [redacted], American Broadband (Mar. 22, 2016, 9:54 a.m.) at ABT-OIG00123062.

of subscribers at a single address, "[redacted]."[371]

147. Under program rules, each subscriber must provide proof of his/her eligibility to receive a Lifeline benefit, and as part of the consumer qualification, a consumer may provide evidence of its participation in certain programs, such as the SNAP program.[372] Program rules, require ETCs to review eligibility documentation for prospective subscribers' whose eligibility cannot be verified using an eligibility database.[373] However, American Broadband's agents apparently enrolled more than one individual using the same SNAP card. As discussed above, in at least two states/territories, American Broadband's agents reused SNAP cards to enroll multiple individuals.[374] In June 2016, American Broadband contacted USAC concerning the use of SNAP cards as proof of Lifeline eligibility.[375] In the same month, [redacted] notified Company management that agents had reused SNAP cards in both Puerto Rico and Illinois. Despite notice that some of the subscribers were ineligible based on program rules, American Broadband continued to seek support for some of the apparently ineligible subscribers on its Forms 497 through at least December 2016.

148. American Broadband's agents also apparently enrolled deceased individuals into the Lifeline program.[376] As discussed above, most of the deceased individuals had died years before their "enrollment" in the Company's Lifeline program. Even after the Company was made aware that at least one agent had enrolled deceased individuals, the Company continued to request and receive USF support for many of those individuals from at least August 2016 through December 2016. In August 2016 alone, the Company sought Lifeline support for more than 12,500 deceased subscribers.

149. Based on these e-mails and other communications, American Broadband was aware of its agents' conduct, yet based a review of the Company's Forms 497 and corresponding Subscriber Lists, the Company repeatedly filed claims for support for enrollment that its own compliance personnel questioned. The Company repeatedly filed claims for enrollments created by agents who were repeatedly identified as creating questionable ("[redacted]" or "[redacted]") accounts. By manipulating personal information, reusing program eligibility documents, and enrolling deceased individuals, American Broadband agents bypassed the rules and procedures established by the Commission and USAC to protect the Fund from waste, fraud, and abuse. The Company continued to permit problem agents to enroll individuals into the Lifeline program. Even in instances where the Company fired an agent for improper conduct, the Company continued to seek Lifeline support for the agents' improper enrollments.[377]

150. Effective February 17, 2016, the Commission required ETCs to retain documentation used to verify subscriber eligibility, as well as documentation used to verify consumer income-based eligibility.[378] American Broadband repeatedly failed to comply with these requirements. As demonstrated in the Bureau review of the Company's S[redacted] M[redacted] enrollments, the Company often failed to retain the required documents.[379] Even with documented proof that agents had enrolled the same

[371] American Broadband BeQuick Ticket #5485 Max Orders at Address (Apr. 27, 2016). *See supra* Section III.A.1.

[372] 47 CFR § 54.409(a)(2).

[373] 47 CFR § 54.410(c)(1)(B).

[374] *See supra* Section III.A.1.

[375] E-mail from [redacted], American Broadband, to [redacted], USAC Lifeline Program, cc [redacted], American Broadband (June 6, 2016, 5:36 p m.) at ABT-OIG00527613.

[376] *See supra* Section III.B.1.

[377] *See supra* Section III.A.1.

[378] 47 CFR §§ 54.404(b)(11), 54.410(b)(1)(ii), (c)(1)(ii).

[379] *See supra* Section III.A.1.

individual more than once, the Company still apparently sought and received support for the improper enrollments.

151. Based on the Bureau's review of the Company's Form 497 and the corresponding Subscriber List, in August 2016, the Company apparently sought and received Lifeline support for at least 18,894 improper enrollments. Lifeline support is only available to an ETC "based on the number of actual qualifying low-income consumers it serves."[380] American Broadband therefore acted in contravention of section 54.407(a). We also find that the Company apparently violated sections 54.404(b)(2), 54.407(d), and 54.410(a)(1), (b)(1)(ii), (c)(1)(ii). Based on the number, nature and duration the Company's apparent violations, we find that the Company acted without regard for the Commission's rules governing the enrollment of subscribers and receipt of Lifeline support.

B. American Broadband Apparently Failed to Properly De-Enroll Ineligible Subscribers from its Lifeline Program, but Apparently Continued to Seek and Receive Lifeline Support for those Subscribers

152. Pursuant to section 54.405 of the Commission's rules, an ETC must de-enroll subscribers in certain instances, including when the subscriber fails to use the benefit for sixty consecutive days or timely cure their non-usage as required under program rules or when USAC/NLAD notifies the ETC to de-enroll a subscriber.[381] American Broadband apparently repeatedly violated section 54.405 by failing to de-enroll ineligible subscribers. As discussed, the Company repeatedly sought Lifeline support for subscribers that it knew or should have known needed to be been de-enrolled.

1. American Broadband Apparently Failed to De-enroll ineligible Non-Usage Subscribers

153. American Broadband apparently violated (1) section 54.405(e)(3) of the Commission's rules, which required an ETC to de-enroll a Lifeline subscriber who "fails to use . . . Lifeline service for 60 consecutive days," and does not cure their non-usage during the notice period and (2) section 54.407(c)(2) by continuing to seek Lifeline support for subscribers who had failed to use their Lifeline service.[382]

154. In its Admissions to the Commission, American Broadband indicated that it had only "[redacted]" with the "[redacted]."[383] However, based on Company records, in December 2014, the Company learned that a significant number of its subscribers were [redacted]."[384] At that time, the Company believed that it had more than [redacted] customers within that category of ineligible subscribers. At that time, based on internal e-mails, the Company chose not to immediately correct or report the issue to USAC or the Commission. Instead, the Company continued to seek Lifeline support for the ineligible non-usage subscribers. As demonstrated, based on our review of the Company's Subscriber Lists, the Company continued to claim some of those ineligible non-usage subscribers for two full years, through at least December 2016.

155. American Broadband apparently lacked the policies and procedures necessary to ensure its compliance with the Commission's non-usage requirements. The Company maintained that it had

[380] 47 CFR § 54.407(a) (2014). *See also* 47 CFR § 54.503(a)(1) (stating that Lifeline support "will be made available to an [ETC] providing Lifeline service to a qualifying low-income consumer").

[381] 47 CFR § 54.405 (2015).

[382] 47 CFR §§ 54.405(e)(3) (2015), 54.407(c)(2).

[383] Sept. 16 Letter.

[384] *See supra* Section III.B.1.

changed its policies and procedures to prevent claims for ineligible non-usage subscribers.[385] However, based on our review of the Company's Subscriber Lists, from August 2016 through December 2016, a period after which the Company represented that it had corrected issues related to seeking support for ineligible non-usage subscribers, the Company apparently sought and received Lifeline support for more than 1,500 ineligible non-usage subscribers.[386] Thus, in addition to apparently violating sections 54.405(e)(3) and 54.407(c)(2) for failing to de-enroll ineligible non-usage subscribers, the Company also apparently violated section 54.410(a) of the Commission's rules by failing to "implement policies and procedures for ensuring that their Lifeline subscribers are eligible to receive Lifeline services."[387]

2. American Broadband Failed to De-enroll Subscribers Who Had Transferred their Lifeline Benefit to Another Carrier

156. Pursuant to section 54.405(e)(1) of the Commission's rules, if an ETC has a reasonable basis to believe that a Lifeline subscriber no longer meets the criteria to be considered a qualifying low-income consumer, the ETC must notify the subscriber and de-enroll the subscriber if the subscriber fails to demonstrate eligibility by the deadline in the rules. American Broadband apparently violated section 54.405(e)(1).[388]

157. As discussed above, in early March 2014, American Broadband began to receive notices from USAC/NLAD concerning benefit transfers.[389] Several members of the Company's management team received the communications directly from USAC or other members of the team. Despite the fact that high-level officials within the Company received the communication from USAC, the Company failed to de-enroll the transferred subscribers from its Lifeline program. In fact, based on the Company's Form 497 Subscriber Lists, the Company sought Lifeline support for one benefit transfer subscriber continuously from April 2014 through October 2014. In early March 2014, the Company had received notice of only one benefit transfer. Despite having only one benefit transfer subscriber to remove from its program, the Company failed to do so.[390]

158. Later in March 2014, the Company had received notices indicating that 24 subscribers had transferred their Lifeline service to another carrier. Again, the Company continued to seek Lifeline support for those subscribers even after it received notice from USAC. Between March 2014 through July 2016, American Broadband received thousands of benefit transfer notices from USAC. American Broadband apparently never implemented policies and procedures to ensure the proper resolution of benefit transfers. It apparently failed to stop seeking Lifeline support for ineligible benefit transfer subscribers. The Company's issues with benefit transfers continued to grow during this period.[391]

159. Even after the Company reported to the Commission that it had amended its policies and procedures to resolve problems with benefit transfers, the Company continued to seek Lifeline support for ineligible benefit transfer subscribers. In reviewing the Company's Subscriber Lists for August 2016 through December 2016, the Company apparently sought and received support for more than 3,700 ineligible benefit transfer subscribers.[392] Thus, from at least August 2016 through December 2016, the Company apparently violated section 54.405 of the Commission's rules.

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[385] *See* Sept 23 Letter.

[386] *See supra* Section III.B.1.

[387] 47 CFR § 54.410(a).

[388] 47 CFR § 54.405(e)(1).

[389] *See supra* Section III.B.2.

[390] *Id*.

[391] *Id*.

[392] *Id*.

3. American Broadband Apparently Failed to De-enroll Subscribers that Its Records Indicated Should Have Been De-enrolled

160. Based on the record developed in this case, American Broadband's management also engaged in conduct which allowed the Company to receive more Lifeline support than it was entitled to under program rules. The Company apparently violated section 54.405(e)(1), which requires that, "If an [ETC] has a reasonable basis to believe that a Lifeline subscriber no longer meets the criteria," the ETC must de-enroll the consumer[393] and it apparently acted in contravention of section 54.407(a), which provides for universal service support to an ETC "based on the number of actual qualifying low-income consumers it serves."[394]

161. As discussed above, on several occasions between May 2014 and June 2016, American Broadband's management became aware of inconsistences with its subscriber counts.[395] In each case, American Broadband apparently chose not to report the issues, but instead prioritized seeking Lifeline support from the Fund.

162. In May 2014, the Company became aware that [redacted]% of its Ohio subscribers were duplicates. The Company's Lifeline Operations manager wrote, [redacted]"[396] Ansted responded: "[redacted]"[397]

163. In July 2014, upon learning that its database included ineligible subscribers, the Company's Director of Finance wrote, [redacted]."[398] The Company's Lifeline Operations manager wrote, [redacted]"[399] In this instance, the record is unclear as to what the Company did; however, in each similar situation, the Company apparently elected to claim the customers on its Forms 497.

164. In June 2016, the Company realized that it had approximately [redacted] subscriber accounts that needed to be purged.[400] Instead of timely removing the accounts, as required by program rules, the Company decided to disconnect 350 to 450 subscribers "[redacted]."[401] During the Investigation, the Bureau sought and American Broadband provided

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[393] 47 CFR § 54.405(e)(1).

[394] 47 CFR § 47.407(a) (2015).

[395] *See supra* Section III.B.3.

[396] *Id.*

[397] E-mail from Jeffrey Ansted, American Broadband, to [redacted], cc [redacted] and [redacted], American Broadband (May 29, 2014, 9:58 a.m.) at ABT-OIG00084347.

[398] E-mail from [redacted], American Broadband, to [redacted], Jeffrey Ansted, cc [redacted], [redacted], and [redacted], American Broadband (July 9, 2014, 11:17 a m.) at ABT-OIG0020908.

[399] E-mail from [redacted], American Broadband, to [redacted], Jeffrey Ansted, cc [redacted], [redacted], and [redacted], American Broadband (July 9, 2014) at ABT-OIG00020908.

[400] *See supra* Section III.B.3.

[401] E-mail from [redacted], American Broadband, to [redacted], American Broadband (June 7, 2016, 8:11 a m.) at ABT-OIG1952746 (indicating that the spreadsheet "[redacted]").

Additionally, as discussed above, in August 2016, the Company learned that it had nearly [redacted] more subscribers in its Fusion system than it did in NLAD, the Company's Vice President of Operations wrote, "[redacted]

(continued)

information concerning the [redacted] subscribers.[402] American Broadband apparently sought support for more than 22,000 ineligible subscribers in data month August 2016.

165. That pattern continued into the time period scrutinized for the proposed forfeiture here. Based on a comparison of the information related to the approximately [redacted] customers and the Company's Subscriber Lists for August 2016 through December 2016, American Broadband apparently sought and received Lifeline support for subscribers, who based on its own review, should have been de-enrolled from its Lifeline program. As detailed in Table 10, in data months August 2016 through December 2016, on its Forms 497, American Broadband sought and received support for thousands of claims related to ineligible subscribers. Thus, from at least August 2016 through December 2016, American Broadband apparently violated the Commission's rule governing the de-enrollment of subscribers.[403]

166. Subsequently, in August 2016, the Company learned that it had more subscribers in its Lifeline database than in NLAD. According to Company's Director of Sales, after purging an additional [redacted] subscribers, "[redacted]" of the Company's subscribers were not in NLAD.[404] Based on this statement, the Bureau compared the Company's August 2016 Subscriber List with the Company's subscriber records in NLAD. Based on this comparison, the Bureau determined that, in data month August 2016, the Company apparently sought Lifeline support for 22,193 Lifeline accounts that had not been enrolled in NLAD, as required by the Commission's rules.[405]

167. In consideration of this data, we find that the Company apparently failed to (1) "implement policies and procedures for ensuring that their Lifeline subscribers are eligible to receive Lifeline services," (2) failed to comply with all the rules of the Lifeline program, and (3) failed to comply with the Commission's rules governing de-enrollment and receipt of support from the Lifeline program.[406] The Company's apparent conduct suggests a total disregard for the Commission's rules.

C. Joint and Several Liability for American Broadband and Jeffrey Ansted is Appropriate

168. Based upon the facts and circumstances of this case, American Broadband and Jeffrey Ansted are jointly and severally liable for any forfeiture penalties.

169. The Commission may "pierce the corporate veil" and hold one entity or individual liable for the acts or omissions of a different, related entity when: (1) there is a common identity of officers, directors or shareholders; (2) there is common control between the entities; and (3) it is necessary to preserve the integrity of the Communications Act and to prevent the entities from defeating the purpose of

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[redacted]." E-mail from [redacted], American Broadband, to [redacted], American Broadband (Aug. 2, 2016, 2:04 p.m.) at ABT-OIG02140562.

[402] *See* Letter from Kelley Drye & Warren LLP, Counsel for American Broadband, to Eric Phelps, FCC (July 12, 2018) at ABT-OIG02187796.

[403] 47 CFR § 54.405(e).

[404] E-mail from [redacted], American Broadband, to Jeffrey Ansted, President, American Broadband (Aug. 3, 2016, 2:32 p.m.) at ABT-OIG00005343.

[405] 47 CFR § 54.404(b)(6) (stating that ETCs must transmit to NLAD "each new and existing Lifeline subscriber's full name; full residential address . . . the date on which the Lifeline service was initiated"). The Bureau did not attempt to ascertain if the Company properly enrolled the 22,193 after August 2016. However, as the subscribers were not enrolled in NLAD at the time that the Company filed its data month August 2016 Form 497, the Company apparently improperly received support for those subscribers.

[406] 47 CFR §§ 54.405(e), 54.407(a), (c), (d), 54.410(a), 54.417(a).

statutory provisions.[407] For example in *Telseven*, the Commission held the sole owner of the company individually liable as an "egregious violator[ ] of the Act who create[d] sham corporate forms to evade liability."[408]

170. Here, American Broadband is apparently the corporate vehicle for the activities of one person, Jeffrey Ansted. In all material respects, the evidence shows that Jeffrey Ansted alone controls American Broadband. At all times relevant to the violations described in this NAL, Jeffrey Ansted shared a common identity with and control over American Broadband. During the relevant period, Jeffrey Ansted apparently maintained exclusive control of American Broadband in its business matters. From at least January 2014, Jeffrey Ansted was the exclusive shareholder of American Broadband.[409] He served as American Broadband's president and CEO.[410] He oversaw the submission of and certification of apparently inaccurate Forms 497 that resulted in American Broadband improperly receiving millions of dollars in USF support.[411] During the relevant period, Jeffrey Ansted signed and certified all of the Company's Forms 497.

171. Likewise, Jeffrey Ansted maintained control over the Company's finances. He maintained control over the Company's Lifeline Deposit Account; and he held sole signatory authority of the Lifeline Deposit Account.[412] Although that account was in the name of American Broadband, Jeffrey Ansted determined the amounts and times that funds would be directed to himself and to the Company. Ansted directed millions of dollars in transfers and purchases directly from the Lifeline Deposit Account for expenditures that benefited himself and/or his family. For example, Jeffrey Ansted transferred money from the Lifeline Deposit Account and to a personal account to purchase a convertible Ferrari and he wired money from the Lifeline Deposit Account to purchase a private jet. Additionally, Jeffrey Ansted directed funds from the Lifeline Deposit Account to the Company's operating account, and from that account, he made cash withdrawals and paid for country club memberships.[413]

172. The facts and circumstances in this case require us to disregard the separate identities of American Broadband and Jeffrey Ansted to ensure the integrity of the Lifeline program. The Commission must adhere to the Congressional mandate that universal service support, including Lifeline support, "be specific, predictable and sufficient."[414] As discussed above, we find that American Broadband apparently violated several sections of the Commission's rules, and in so doing, received more Lifeline support than it was entitled to obtain which Jeffrey Ansted apparently used not to provision Lifeline service but for his personal use. Holding Jeffrey Ansted personally liable for the forfeiture penalty furthers the Commission's goals of properly enforcing Lifeline program rules.[415] Accordingly,

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[407] *See TelSeven, LLC, Patrick B. Hines*, Forfeiture Order, 31 FCC Rcd. 1629, 1633-36 (2016) (*TelSeven Forfeiture Order*); *see also TelSeven, LLC, Patrick B. Hines*, Notice of Apparent Liability for Forfeiture, 27 FCC Rcd. 6636, 6649-50 (2012).

[408] *See TelSeven Forfeiture Order*, 31 FCC Rcd at 1634, para. 13.

[409] *See supra* Section II.B.1.

[410] *Id.*

[411] *Id.*

[412] *See supra* Section III.C.1.

[413] *Id.*

[414] 47 U.S.C. § 254(b)(5).

[415] *See Telseven Forfeiture Order*, 31 FCC Rcd at 1636, para. 19 (providing,"[i]n an investigation such as this one, where the corporate enterprise was designed to carry out the fraudulent activities of one person ... we find that the purpose of the statute would otherwise be frustrated if we permitted Patrick Hines to hide behind his corporate entities and avoid personal liability for such statutory violations"); *Ernesto Bustos Licensee of Station WTBL-CD Lenoir, North Carolina*, Forfeiture Order, 29 FCC Rcd at 1898, 1900 (2014) (finding that "Catawba Broadcasting and Ernesto Bustos are the same 'person'" and stating that "[a] corporation will be looked upon as a legal entity

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we find that American Broadband and Jeffrey Ansted are jointly and severally liable for the resulting forfeiture, as well as any reimbursements to the Fund.

V. PROPOSED FORFEITURE

173. In light of American Broadband's apparent violations of the Commission's rules, we propose a forfeiture penalty pursuant to Section 503(b) of the Act, which authorizes the Commission to assess a forfeiture penalty against a telecommunications carrier of up to $196,387 for each violation or each day of a continuing violation, up to a statutory maximum of $1,963,870 for a single act or failure to act.[416] The Commission retains the discretion to issue forfeitures on a case-by-case basis, under its general forfeiture authority contained in Section 503 of the Act.[417] In determining the appropriate forfeiture amount, the Commission considers the factors enumerated in section 503(b)(2)(E) of the Act, including "the nature, circumstances, extent, and gravity of the violation and, with respect to the violator, the degree of culpability, any history of prior offenses, ability to pay, and such other matters as justice may require,"[418] as well as our forfeiture guidelines.[419]

174. Based on the facts and record in this case, we have determined that American Broadband apparently: (1) created improper Lifeline enrollments by manipulating personal identifying information and improperly enrolling deceased individuals; (2) failed to de-enroll subscribers that the Company knew were no longer eligible to receive a Lifeline support; (3) failed to implement policies and procedures for ensuring that its subscribers were eligible to receive Lifeline support; and (4) failed to maintain records to document compliance with the Commission's requirements, in apparent violation of sections 54.404(b), 54.405(e)(1) - (3), 54.410(b)(1)(ii) and (c)(1)(ii)of the Commission's rules. Also, as discussed above, we determined that the Company apparently filed Forms 497 seeking support for ineligible Lifeline accounts, in apparent violation of section 54.407 of the Commission's rules. With respect to the filing of improper Forms 497, we find that these apparent violations occurred, at a minimum, beginning in March 2014 and continued at least through December 2016—notwithstanding the Company's August 2016 indication to WCB that it had implemented new policies and procedures to prevent future submissions of inaccurate

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'until sufficient reason to the contrary appears; but, when the notion of legal entity is used to defeat public convenience, justify wrong, protect fraud, or defend crime, the law will regard the corporation as an association of persons.'").

[416] *See* 47 U.S.C. § 503(b)(2)(B); 47 CFR § 1.80(b)(2). These amounts reflect inflation adjustments to the forfeitures specified in Section 503(b)(2)(B) of the Act ($100,000 per violation or per day of a continuing violation, up to a statutory maximum of $1,000,000 per any single act or failure to act). *See Amendment of Section 1.80(b) of the Commission's Rules*: *Adjustment of Civil Monetary Penalties to Reflect Inflation*, Order, 33 FCC Rcd 46 (EB 2018) (*2018 Inflation Adjustment Order*); *see also Adjustment of Civil Monetary Penalties to Reflect Inflation*, 83 Fed. Reg. 4600 (Feb. 1, 2018). Additionally, the 2015 Inflation Adjustment Act provides that the new penalty levels shall apply to penalties assessed after the effective date of the increase, "including [penalties] whose associated violation predated such increase." Pub. L. No. 114-74, § 701, 129 Stat. 584, 599 (the 2015 Inflation Adjustment Act amended the Federal Civil Penalties Inflation Adjustment Act of 1990, which is codified, as amended, at 28 U.S.C. § 2461).

[417] *See* 47 U.S.C. § 503(b)(6)(B) ("No forfeiture penalty shall be determined or imposed against any person under this subsection if . . . the violation charged occurred more than 1 year prior to the date of the issues of the required . . . notice of apparent liability."); *see, e.g.*, Letter signed by Rakesh Patel, USF Strike Force and John Heitmann, Counsel for American Broadband (May 2018) (stating that for purposes of calculating the statute of limitations, pursuant to 47 U.S.C. § 503(b)(6), the parties agree that any limitations period for the possible violations as set forth in the preamble of this Agreement shall be tolled until October 28, 2018) (Sixth Tolling Agreement).

[418] 47 U.S.C. § 503(b)(2)(E).

[419] *See* 47 CFR § 1.80(b)(8); Note to Paragraph (b)(8): Guidelines for Assessing Forfeitures.

Forms 497 and in its August 2016 Form 497 filing, it had removed all subscribers associated with the relevant issues.[420]

175. We believe a significant forfeiture is appropriate, and we calculate a proposed forfeiture to account for the egregiousness of the harm caused by the Company's conduct and to serve as both a punishment and a deterrent to future wrongdoing. In other cases involving apparent mass fraud, the Commission has applied a forfeiture of $1,000 per verified violation. For example, in the *Abramovich NAL*, the Commission applied a based forfeiture in the amount of $1,000 per unlawful spoofed robocall, providing "any proposed forfeitures in such cases must reflect the exponential harm associated with large-scale spoofing operations where the spoofer has the intent to defraud, cause harm, or wrongfully obtain something of value."[421] In this case, American Broadband apparently intended to defraud the Fund and wrongfully obtained universal service support. Given the similarity in harm, the large-scale misconduct, and the apparent intent to defraud, we apply here the same forfeiture methodology proposed in the *Abramovich* case.[422] We propose a base forfeiture in the amount of $1,000 per unique improper Lifeline account claimed on the Company's Form 497.[423] We multiply the base forfeiture value of $1,000 by each of the 42,309 improper claims/subscribers[424] for which American Broadband sought support in August 2016, for a total base forfeiture of $42,309,000 for which American Broadband and Jeffrey Ansted are apparently liable.[425]

176. Additionally, based on the egregious conduct discussed in detail above, we find that the circumstances in this case merit a significant upward adjustment.[426] American Broadband's violations of

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[420] Sept. 16 Letter at 2. *See supra* Sections III.A-III.B; *see also* 47 CFR § 1.80(c) (imposing limits on the time when a forfeiture proceeding may be initiated).

[421] *See Adrian Abramovich, Marketing Strategy Leaders, Inc., and Marketing Leaders, Inc.*, 32 FCC Rcd. 5418, 5427, paras. 24 (2017) (*Abramovich NAL*).

[422] *Id.* at paras. 25-26.

[423] The base forfeitures in Section 1.80 range from $1,000 (failure to provide station identification, for example) to the statutory maximum (misrepresentation/lack of candor). While the Commission evaluates each case in light of the nature and specific circumstances of the particular violations of Commission rules, we note that the Commission has used a $1,000 base forfeiture amount in addressing similar large-scale egregious misconduct. *See generally Abramovich NAL*.

[424] As discussed in Section III.A. above, American Broadband sought Lifeline support for 18,894 improper Lifeline enrollments on its Subscriber List corresponding with its data month August 2016 Form 497. *See supra* Tables 1-6 and para. 151. As discussed in section III.B. above, in data month August 2016, the Company sought Lifeline support for 32,032 accounts that it failed to properly de-enroll. *See supra* Tables 7-10. Within the categories of improper enrollments and de-enrollments, some of the improper accounts appeared more than once; we deleted from the total of improper claims (50,926) any overlapping accounts. Specifically, we deleted 8,617 improper accounts, for a total of 42,309 improper accounts in data month August 2016.

[425] Although the Commission has used a different forfeiture methodology in some previous NALs involving the Lifeline program—one tying forfeiture amounts to the number of filings made in violation of our rules, the number of ineligible subscribers claimed, and the support unlawfully claimed—those NALs involved conduct less pervasive than the conduct we have found in mass fraud cases, and as such, are not binding on us here. *See, e.g.*, *Budget Prepay, Inc.*, Notice of Apparent Liability for Forfeiture, 29 FCC Rcd 2508 (2014); *VCI Company*, Notice of Apparent Liability for Forfeiture, 22 FCC Rcd 15933 (2007). We find that the facts in this case are more akin to the egregious conduct in the *Abramovich* case. In instances involving large-scale egregious conduct, we recognize that "there is risk that the fine will far exceed any person's or company's ability to pay;" yet, because of the extensive, apparent fraud, we find that proposing a significant penalty is appropriate. *See Abramovich NAL*, 32 FCC Rcd at 5426, para. 24.

[426] *See Abramovich NAL*, 32 FCC Rcd at 5427, paras. 25-26; *Adrian Abramovich, Marketing Strategy Leaders, Inc., and Marketing Leaders, Inc.*, Forfeiture Order, FCC 18-58 (May 10, 2018).

the Commission's rules continued even after its own staff had identified enrollments as "[redacted]." The Company admitted that it had failed to comply with several of the rules and procedures governing the Lifeline program and reported that it had taken corrective measures to correct the problems. However, the Company continued to seek and receive Lifeline support for the same ineligible customers/accounts after its disclosure to the Commission. The Company also failed to disclose additional issues which allowed it to receive improper payments from the Fund. As an example, in as early as December 2015, the Company was apparently aware that its agents manipulated personal identifying information to create duplicate accounts—yet the Company failed to disclose these facts to either USAC or the Commission.[427] Also, by June 2016, the Company was aware that it was improperly seeking support for roughly 68,000 subscribers, but instead of immediately correcting the issue, it designed a plan to continue to improperly seek Lifeline support for those subscribers—and it again failed to disclose this conduct to the Commission. Month after month, the Company filed Forms 497 seeking support for thousands of ineligible Lifeline accounts, and in maintaining and/or increasing the reported number of subscribers, the Company concealed the true nature of its Lifeline business. Therefore, based on this apparent egregious misconduct,[428] we propose an upward adjustment to the base forfeiture of $21,154,500, which is fifty percent of the base forfeiture.

177. Accordingly, as summarized in Table 11, we find that American Broadband and Jeffrey Ansted are apparently liable for a forfeiture penalty of $63,463,500 for American Broadband's apparent violations as discussed above and conclude that the total proposed forfeiture is warranted.

Table 11: Calculation of the Forfeiture Penalty

Forfeiture Calculation	No. of Subscribers	Multiplier	SUB-TOTAL
Base: Unique Subscribers x $1,000	42,309	$1,000	$ 42,309,000.00
Upward Adjustment			$ 21,154,500.00
			$ 63,463,500.00

178. We find that this forfeiture structure in no way forecloses the Commission or any other governmental entity from taking additional enforcement action and imposing additional forfeitures for other apparent violations of the Lifeline rules. Additionally, we clarify that the penalties that result from this forfeiture structure are separate from any amounts that the Company may be required to refund to make the Fund whole.

179. In addition, in light of American Broadband's egregious misconduct and the demonstrated harm to the Fund from the apparent violations, we order American Broadband to submit a report within 30 days of release of this NAL explaining why the Commission should not initiate proceedings against American Broadband to revoke its Commission authorizations.

VI. REQUESTS FOR CONFIDENTIALITY

180. American Broadband has requested that that the materials it submitted to the Commission in this matter be withheld from public inspection, pursuant to section 0.459 of our rules. While it did provide general reasons as to why it believes the materials should be withheld, albeit with little elaboration, it did not specify the particular information it believed was confidential, as required by our rules, but simply made a blanket claim of confidentiality as to all of the submitted materials. And while the materials submitted were numerous, American Broadband could have, for example, identified specific

[427] As discussed above, the Company failed to properly resolve the issues with its agents and it continued to seek Lifeline support for the ineligible accounts created by its agents.

[428] *See* 47 CFR § 1.80(b)(8), Note (providing guidelines that the Commission and its staff may use in assessing forfeitures, including upward adjustment criteria such as egregious misconduct).

categories of information for which it sought confidential treatment (e.g., subscriber information). It did not.

181. American Broadband has not followed our rules in requesting that this information be withheld from public inspection. We are also not persuaded that the public release of the information American Broadband has provided in this proceeding will place it at a competitive disadvantage and cause it substantial competitive harm. Additionally, when balancing the public and private interests at stake, we conclude that releasing to the public this and the other information cited in this NAL will serve the public interest by furthering transparency in the Lifeline program and that the public interest outweighs any countervailing interest that American Broadband has in keeping the information confidential. We conclude that each of these reasons provide a sufficient basis for our denial of American Broadband's requests and releasing the information.

182. With respect to the materials cited in this NAL which American Broadband has requested be withheld from public inspection pursuant to section 0.459 of our rules, we deny that request with only the following exceptions: the names, addresses and other personally identifiable information of subscribers; the specific salaries, commissions, the price other compensation paid to and "fines" imposed on sales agents; the price of phones; and the number of valid applications an agent needs to submit to remain in "active" status for American Broadband. We specifically note that we are rejecting the requests that we withhold from the public the extent of American Broadband's non-compliance with Lifeline and other Commission rules and regulations; the problems that may have led to its non-compliance; its detection of non-compliance; its previous methods for detecting non-compliance; and its proposed plans for complying with our rules and regulations in the future.

183. American Broadband has not made any demonstration that, with the exceptions listed above, release of the information for which it seeks confidentiality would cause it competitive harm. Moreover, we note that information that is in the public domain is not subject to protection as "confidential."[429] For example, the number of Lifeline subscribers a company serves and the number that are de-enrolled each month are publicly filed on FCC Form 555s. In addition, as the Commission has explained, they are also readily ascertainable from other public sources.[430] This information, therefore, may not be withheld from public release under our rules. In addition, materials that are simply embarrassing or that cause "customer disgruntlement" are generally not by that fact alone entitled to confidential treatment. Rather, the materials must be of a type such that competitors could use the information to gain a competitive advantage.[431]

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[429] *See, e.g.*, *CNA Fin'l Corp. v. Donovan*, 830 F. 2d 1132, 1154 (D.C. Cir. 1987); Lifeline and Link Up Reform and Modernization, *Second Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order*, 30 FCC Rcd 7818, 7911 (2015) (*Nexus MO&O*).

[430] *Nexus MO&O*, 30 FCC Rcd at 7911-12.

[431] *See, e.g.*, *Public Citizen Health Research Group v. FDA*, 704 F.2d 1280, 1291 n.30 (D.C. Cir. 1983) (observing that competitive harm should "be limited to harm flowing from the affirmative use of proprietary information *by competitors*" and "should not be taken to mean" harms such as "customer or employee disgruntlement" or "embarrassing publicity attendant upon public revelations concerning, for example, illegal or unethical payments to government officials" (internal quotations omitted)(emphasis in original)); *CNA Fin. Corp. v. Donovan*, 830 F.2d 1132, 1154 (declaring that "unfavorable publicity" and "demoralized" employees insufficient for showing of competitive harm); *General Elec. V. NRC*, 750 F.2d 1394, 1402 (7th Cir. 1984); *In Def. of Animals v. USDA*, 587 F. Supp. 2d 178, 182 (D.D.C. 2008) (excluding proposed expert testimony that addressed "reputational harm caused by negative publicity," which was "irrelevant to the competitive harm inquiry under Exemption 4"); *Ctr. to Prevent Handgun Violence v. United States Dep't of the Treasury*, 981 F. Supp. 20, 23 (D.D.C. 1997) (denying competitive harm claim for disclosure that would cause "unwarranted criticism and harassment" inasmuch as harm must "flow from competitors' use of the released information, not from any use made by the public at large or customers"), *appeal dismissed*, No. 97-5357 (D.C. Cir. Feb. 2, 1998).

184. As an independent reason for denying American Broadband's requests and releasing the information cited in this NAL, we conclude that making public this and the other information we have received in the course of our investigation and cited in this NAL would serve the public interest by furthering transparency in the Lifeline program. Even if some of it would be considered to be trade secrets or would otherwise be permitted to be withheld under Exemption 4 of the Freedom of Information Act, section 0.457(d)(2) of our rules authorizes us to publicly release trade secrets or confidential commercial information, that are subject to a request for confidential treatment, upon a balancing of the public and private interests at stake.[432] Consistent with section 0.457(d)(2) of our rules, we find a strong public interest in ensuring that Lifeline funds are properly allocated and in understanding the extent to which ETCs are complying with the Commission's Lifeline rules, and that there is a public interest in favor of the release of this information. The information cited in this NAL falls squarely within these contours. Accordingly, we determine that the public interest in making this information available to the public outweighs whatever risk of competitive harm to American Broadband that may exist, and therefore find a persuasive basis on which to release this information.

185. Because American Broadband's requests are being ruled on by the Commission in the first instance, we will stay the effective date of our decision to deny the requests for confidentiality and release the information cited in this NAL for 10 business days from the date of release of this NAL to allow American Broadband to file a petition for reconsideration; if it does so, we will continue to withhold the information from public inspection until that process is complete.[433] If after 10 business days American Broadband has not filed a petition for reconsideration or sought a judicial stay, the material will be made publicly available.[434]

VII. ORDERING CLAUSES

186. Accordingly, **IT IS ORDERED** that, pursuant to section 503(b) of the Act, and sections 1.80 of the Commission's rules,[435] American Broadband & Telecommunications Company and Jeffrey Ansted are hereby **NOTIFIED** of this **APPARENT LIABILITY FOR FORFEITURE** in the amount of sixty-three million four hundred sixty-three thousand and five hundred dollars ($63,463,500) for apparently willfully and repeatedly violating of the Commission's rules.[436]

187. **IT IS FURTHER ORDERED** that, pursuant to section 1.80 of the Rules,[437] within thirty (30) calendar days of the release date of this Notice of Apparent Liability for Forfeiture and Order, American Broadband **SHALL PAY** the full amount of the proposed forfeiture or **SHALL FILE** a written statement seeking reduction or cancellation of the proposed forfeiture consistent with paragraph 189 below.

188. Payment of the forfeiture must be made by check or similar instrument, wire transfer, or credit card, and must include the NAL/Account number and FRN referenced above. American Broadband shall also send electronic notification of payment to Rakesh Patel at Rakesh.Patel@fcc.gov on the date said payment is made. Regardless of the form of payment, a completed FCC Form 159 (Remittance Advice) must be submitted.[438] When completing the FCC Form 159, enter the Account Number in block number 23A (call sign/other ID) and enter the letters "FORF" in block number 24A

[432] *See Nexus MO&O*, 30 FCC Rcd at 7913.

[433] *Cf.* 47 CFR § 0.455(g).

[434] *See* 47 CFR §§ 0.455(e), (g).

[435] 47 U.S.C. § 503(b); 47 CFR § 1.80.

[436] 47 CFR §§ 54.405, 54.407, 54.410.

[437] 47 CFR § 1.80.

[438] An FCC Form 159 and detailed instructions for completing the form may be obtained at http://www.fcc.gov/Forms/Form159/159.pdf.

(payment type code). Below are additional instructions you should follow based on the form of payment you select:

- Payment by check or money order must be made payable to the order of the Federal Communications Commission. Such payments (along with the completed Form 159) must be mailed to Federal Communications Commission, P.O. Box 979088, St. Louis, MO 63197-9000, or sent via overnight mail to U.S. Bank – Government Lockbox #979088, SL-MO-C2-GL, 1005 Convention Plaza, St. Louis, MO 63101.
- Payment by wire transfer must be made to ABA Number 021030004, receiving bank TREAS/NYC, and Account Number 27000001. To complete the wire transfer and ensure appropriate crediting of the wired funds, a completed Form 159 must be faxed to U.S. Bank at (314) 418-4232 on the same business day the wire transfer is initiated.
- Payment by credit card must be made by providing the required credit card information on FCC Form 159 and signing and dating the Form 159 to authorize the credit card payment. The completed Form 159 must then be mailed to Federal Communications Commission, P.O. Box 979088, St. Louis, MO 63197-9000, or sent via overnight mail to U.S. Bank – Government Lockbox #979088, SL-MO-C2-GL, 1005 Convention Plaza, St. Louis, MO 63101.

Any request for making full payment over time under an installment plan should be sent to: Chief Financial Officer—Financial Operations, Federal Communications Commission, 445 12th Street, S.W., Room 1-A625, Washington, D.C. 20554.[439] If you have questions regarding payment procedures, please contact the Financial Operations Group Help Desk by phone, 1-877-480-3201, or by e-mail, ARINQUIRIES@fcc.gov.

189. The written statement seeking reduction or cancellation of the proposed forfeiture, if any, must include a detailed factual statement supported by appropriate documentation and affidavits pursuant 1.16 and 1.80(f)(3) of the Rules.[440] The written statement must be mailed to the Office of the Secretary, Federal Communications Commission, 445 12th Street, SW, Washington, DC 20554, ATTN: Enforcement Bureau, Federal Communications Commission and must include the NAL/Acct. No. referenced in the caption. The written statement shall also be e-mailed to Rakesh.Patel@fcc.gov.

190. The Commission will not consider reducing or canceling a forfeiture in response to a claim of inability to pay unless the petitioner submits: (1) federal tax returns for the most recent three-year period; (2) financial statements prepared according to generally accepted accounting principles (GAAP); or (3) some other reliable and objective documentation that accurately reflects the petitioner's current financial status. Any claim of inability to pay must specifically identify the basis for the claim by reference to the financial documentation submitted.

191. **IT IS FURTHER ORDERED** that American Broadband shall respond to the order in paragraph 179 within thirty (30) calendar days of the release date of this Notice of Apparent Liability for Forfeiture and Order.

192. **IT IS FURTHER ORDERED**, pursuant to section 0.459(g) of the Rules,[441] that the Requests for Confidential Treatment filed by American Broadband in this proceeding[442], except as otherwise noted above,[443] **ARE DENIED**.

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[439] *See* 47 CFR § 1.1914.

[440] 47 CFR §§ 1.16, 1.80(f)(3).

[441] 47 CFR § 0.459(g).

[442] EB File Number EB-IHD-17-00023554.

[443] *See supra* Section VI.

193. **IT IS FURTHER ORDERED** that a copy of this Notice of Apparent Liability for Forfeiture together with the data related to the improper accounts claimed on the Subscriber Lists shall be sent by certified mail, return receipt requested, and first-class mail to

(1) Jeffrey Ansted, President, American Broadband & Telecommunications Company, One Seagate, Suite 600, Toledo, OH 46399;

(2) American Broadband and Telecommunications, Inc., One Seagate, Suite 600, Toledo, OH 46399; and

(3) Jeffrey Ansted, [redacted].

FEDERAL COMMUNICATIONS COMMISSION

Marlene H. Dortch
Secretary

APPENDIX A
Original and Revised Form 497s

State (No. of Original Forms)	**Data Months** (Dates of Original and Revised Form 497s)
Illinois (8)	Jan. 2015 (original 2/4/15) Jun. 2015 (original 7/1/15) Jul. 2016 (original 8/1/16) Aug. 2016 (original 9/6/16; revised 11/16/16) Sep. 2016 (original 10/5/16; revised 11/16/16, 5/1/17) Oct. 2016 (original 11/3/16; revised 5/1/17) Nov. 2016 (original 12/5/16; revised 2/27/17) Dec. 2016 (original 1/12/17)
Indiana (8)	Jan. 2015 (original 2/4/15) Jun. 2015 (original 7/1/15) Jul. 2016 (original 8/1/16) Aug. 2016 (original 9/6/16; revised 11/16/16) Sep. 2016 (original 10/5/16; revised 11/16/16, 5/1/17) Oct. 2016 (original 11/3/16; revised 5/1/17) Nov. 2016 (original 12/5/16) Dec. 2016 (original 1/12/17)
Kentucky (8)	Jan. 2015 (original 2/4/15) Jun. 2015 (original 7/1/15) Jul. 2016 (original 8/1/16) Aug. 2016 (original 9/6/16; revised 11/16/16) Sep. 2016 (original 10/5/16; revised 11/16/16, 5/1/17) Oct. 2016 (original 11/3/16; revised 5/1/17) Nov. 2016 (original 12/5/16) Dec. 2016 (original 1/12/17)
Michigan (8)	Jan. 2015 (original 2/4/15) Jun. 2015 (original 7/1/15) Jul. 2016 (original 8/1/16) Aug. 2016 (original 9/6/16; revised 11/16/16) Sep. 2016 (original 10/5/16; revised 11/16/16, 5/1/17) Oct. 2016 (original 11/3/16; revised 5/1/17) Nov. 2016 (original 12/5/16; revised 2/27/17, 6/19/17) Dec. 2016 (original 1/12/17)
Missouri (8)	Jan. 2015 (original 2/4/15) Jun. 2015 (original 7/1/15) Jul. 2016 (original 8/1/16) Aug. 2016 (original 9/6/16) Sep. 2016 (original 10/5/16; revised 5/1/17) Oct. 2016 (original 11/3/16; revised 5/1/17) Nov. 2016 (original 12/5/16) Dec. 2016 (original 1/12/17)
Nevada (6)	Jul. 2016 (original 8/1/16) Aug. 2016 (original 9/6/16) Sep. 2016 (original 10/5/16; revised 5/1/17) Oct. 2016 (original 11/3/16; revised 5/1/17) Nov. 2016 (original 12/5/16) Dec. 2016 (original 1/12/17)

Ohio (8)	Jan. 2015 (original 2/4/15) Jun. 2015 (original 7/1/15) Jul. 2016 (original 8/1/16) Aug. 2016 (original 9/6/16; revised 11/16/16) Sep. 2016 (original 10/5/16; revised 11/16/16, 5/1/17) Oct. 2016 (original 11/3/16; revised 5/1/17) Nov. 2016 (original 12/5/16; revised 2/27/17, 6/19/17) Dec. 2016 (original 1/12/17)
Puerto Rico (6)	Jul. 2016 (original 8/1/16) Aug. 2016 (original 9/6/16; revised 11/16/16) Sep. 2016 (original 10/5/16; revised 11/16/16, 5/1/17) Oct. 2016 (original 11/3/16; revised 5/1/17) Nov. 2016 (original 12/5/16; revised 2/27/17) Dec. 2016 (original 1/12/17)
South Carolina (6)	Jul. 2016 (original 8/1/16) Aug. 2016 (original 9/6/16; revised 11/16/16) Sep. 2016 (original 10/5/16; revised 5/1/17) Oct. 2016 (original 11/3/16; revised 5/1/17) Nov. 2016 (original 12/5/16) Dec. 2016 (original 1/12/17)
West Virginia (8)	Jan. 2015 (original 2/4/15) Jun. 2015 (original 7/1/15) Jul. 2016 (original 8/1/16) Aug. 2016 (original 9/6/16; revised 11/16/16) Sep. 2016 (original 10/5/16; revised 11/16/16, 5/1/17) Oct. 2016 (original 11/3/16) Nov. 2016 (original 12/5/16) Dec. 2016 (original 1/12/17)
Wisconsin (8)	Jan. 2015 (original 2/4/15) Jun. 2015 (original 7/1/15) Jul. 2016 (original 8/1/16) Aug. 2016 (original 9/6/16; revised 11/16/16) Sep. 2016 (original 10/5/16; revised 5/1/17) Oct. 2016 (original 11/3/16; revised 5/1/17) Nov. 2016 (original 12/5/16) Dec. 2016 (original 1/12/17)

APPENDIX B

S[redacted] M[redacted] ILLUSTRATION					
LAST NAME	FIRST NAME	REDACTED SSN	REDACTED DOB	REDACTED ADDRESS	CITY
M[redacted] M[redacted] mr	S[redacted] n S[redacted]	[same SSN]	[same DOB]	[different address]	Detroit Inkster
M[redacted] M[redacted]	S[redacted] S[redacted]		[different DOB]	[same address]	Detroit Detroit
M[redacted] ms M[redacted] sr	S[redacted] S[redacted]		[same DOB]	[same address]	Dearborn Heights Dearborn Heights
m[redacted] M[redacted] mrs	s[redacted] S[redacted] n[redacted]		[same DOB]	[same address]	Ypsilanti Ypsilanti
M[redacted] M[redacted]	S[redacted] n[redacted] S[redacted] n[redacted]		[different DOB]	[different address]	Detroit Detroit
m[redacted] jr M[redacted] sr	s[redacted] S[redacted] n		[same DOB]	[same address]	Ypsilanti Ypsilanti
M[redacted] M[redacted] ms	S[redacted] S[redacted] n[redacted]		[same DOB]	[same address]	Ypsilanti Ypsilanti
M[redacted] jr m[redacted] mrs	S[redacted] n[redacted] s[redacted]		[same DOB]	[same address]	Detroit Detroit
M[redacted] dr M[redacted] mr	S[redacted] S[redacted]		[different DOB]	[same address]	Detroit Detroit
M[redacted] M[redacted]	S[redacted] S[redacted] i		[different DOB]	[same address]	Detroit Detroit

APPENDIX C
Flight Record

Date	Time	Flight Time Code *	Departure Airport	Departure State	Destination Airport	Destination State	Note
24-Mar-16	21:01	D	Toledo Express Airport	Ohio	Sarasota–Bradenton International Airport	Florida	Jeffrey Ansted owns a condo in nearby Longboat Key, Florida, as well as country club & yacht club memberships nearby.
31-Mar-16	05:14	E	Sarasota–Bradenton International Airport	Florida	Toledo Express Airport	Ohio	
28-Apr-16	12:59	P	Toledo Express Airport	Ohio	Greenville–Spartanburg International Airport	South Carolina	Jeffrey Ansted owns a condo in nearby Longboat Key, Florida, as well as country club & yacht club memberships nearby.
28-Apr-16	15:34	D	Greenville–Spartanburg International Airport	South Carolina	Sarasota–Bradenton International Airport	Florida	
1-May-16	17:43	P	Sarasota–Bradenton International Airport	Florida	Greenville–Spartanburg International Airport	South Carolina	
1-May-16	22:23	D	Greenville–Spartanburg International Airport	South Carolina	Toledo Express Airport	Ohio	
25-May-16	21:00	P	Toledo Express Airport	Ohio	Sarasota–Bradenton International Airport	Florida	Jeffrey Ansted owns a condo in nearby Longboat Key, Florida, as well as country club & yacht club memberships nearby.
27-May-16	16:34	P	Sarasota–Bradenton International Airport	Florida	Toledo Express Airport	Ohio	
17-Jun-16	17:24	D	Toledo Express Airport	Ohio	Martin State Airport	Maryland	Jeffrey Ansted's son in Lacrosse tournament in Towson, Maryland
19-Jun-16	18:57	E	Martin State Airport	Maryland	Toledo Express Airport	Ohio	
12-Aug-16	13:27	D	Toledo Express Airport	Ohio	Martin State Airport	Maryland	Jeffrey Ansted owns a condo in nearby Longboat Key, Florida, as well as country club & yacht club memberships nearby.
12-Aug-16	14:59	D	Martin State Airport	Maryland	St. Pete–Clearwater International Airport	Florida	
12-Aug-16	19:51	D	St. Pete–Clearwater International Airport	Florida	Sarasota–Bradenton International Airport	Florida	
15-Aug-16	21:34	D	Sarasota–Bradenton International Airport	Florida	Martin State Airport	Maryland	
16-Aug-16	01:05	D	Martin State Airport	Maryland	Toledo Express Airport	Ohio	
26-Oct-16	13:32	D	Toledo Express Airport	Ohio	Sarasota–Bradenton International Airport	Florida	Jeffrey Ansted owns a condo in nearby Longboat Key, Florida, as well as country club & yacht club memberships nearby.
28-Oct-16	19:40	E	Sarasota–Bradenton International Airport	Florida	Toledo Express Airport	Ohio	
27-Dec-16	11:00	P	Toledo Express Airport	Ohio	Sarasota–Bradenton International Airport	Florida	Jeffrey Ansted owns a condo in nearby Longboat Key, Florida, as well as country club & yacht club memberships nearby.
1-Jan-17	20:09	P	Sarasota–Bradenton International Airport	Florida	Toledo Express Airport	Ohio	
5-Feb-17	20:01	D	Toledo Express Airport	Ohio	Toronto Pearson International Airport	Ontario, Canada	International flight manifest indicates family members & friends dropped off in Toronto en route to Philadelphia
5-Feb-17	21:10	E	Toronto Pearson International Airport	Ontario, Canada	Philadelphia International Airport	Pennsylvania	
5-Feb-17	22:15	D	Philadelphia International Airport	Pennsylvania	Toledo Express Airport	Ohio	
17-Feb-17	22:57	E	Toledo Express Airport	Ohio	Sarasota–Bradenton International Airport	Florida	Jeffrey Ansted owns a condo in nearby

21-Feb-17	02:14	E	Sarasota–Bradenton International Airport	Florida	Toledo Express Airport	Ohio	Longboat Key, Florida, as well as country club & yacht club memberships nearby.
26-Mar-17	06:20	P	Toledo Express Airport	Ohio	Owen Roberts International Airport	Cayman Islands	Wife & son in Instagram photo tagged on Grand Cayman Island on "Spring Break" on 3/30/2017
30-Mar-17	00:43	E	Owen Roberts International Airport	Cayman Islands	Toledo Express Airport	Ohio	
12-Apr-17	18:28	E	Toledo Express Airport	Ohio	Sarasota–Bradenton International Airport	Florida	Jeffrey Ansted owns a condo in nearby Longboat Key, Florida, as well as country club & yacht club memberships nearby.
17-Apr-17	18:18	E	Sarasota–Bradenton International Airport	Florida	Toledo Express Airport	Ohio	
26-Apr-17	15:48	E	Toledo Express Airport	Ohio	Sarasota–Bradenton International Airport	Florida	Jeffrey Ansted owns a condo in nearby Longboat Key, Florida, as well as country club & yacht club memberships nearby.
28-Apr-17	20:00	P	Sarasota–Bradenton International Airport	Florida	Toledo Express Airport	Ohio	

*** Flight Time Codes: D = Departure; A= Arrival; E =Estimated; P = Proposed**

APPENDIX D
Sample: Records and Data Used for Improper Enrollments

American Broadband Failed to Review Customer Applications and Proofs

Customer's Application / Certification Form:		Retained Proof Image:
[redacted]	[redacted]	[redacted]

1

American Broadband Relied on Unreadable Proofs (Blurry, Glare, etc)

Examples of Eligibility and ID Proofs that are Unreadable:

[redacted]

[redacted]

[redacted]

2

American Broadband Relied on Blank Proofs and Non-Proofs

Examples of Images Attached as Eligibility and ID Proofs that Contain No Recognizable Proof or Documentation:

[redacted]

3

American Broadband Enrolled Hundreds at Single-Family Addresses

Google Street View Image:

[redacted]

[redacted]

[redacted]

4

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, Dangkhoa 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.

STATEMENT OF
COMMISSIONER BRENDAN CARR

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

Every time a company steals a dollar from Lifeline, it undermines the goals of the program. So the FCC has a responsibility to ratepayers and beneficiaries alike to hold bad actors accountable. And this case appears to be a particularly egregious example of fraud.

American Broadband apparently defrauded the Lifeline program to the tune of millions of dollars. Here's what the facts indicate:

- it sought and received support for dead people—more than 45,000 times over just one five-month period;
- when it found live customers, it would sign them up multiple times—in one case using the same person's name more than 20 times;
- it would also manipulate data to generate fake or ghost customers—including by making up dates of birth, using vacant lots as addresses, and by inventing social security numbers;
- not to miss out on the action, one agent for the company even signed himself up, twice.

But the apparent con did not stop there. As alleged in the Notice, the owner of American Broadband illegally authorized the transfer of over $10 million in Lifeline funds to personal accounts. And he apparently used those funds:

- to purchase a $1.3 million condo in Florida;
- to buy a $250,000 Ferrari;
- to pay for a country club and yacht membership; and
- for an $8 million jet, which he used to fly to the Cayman Islands.

It would be hard to describe a more brazen or textbook example of fraud, particularly when the entire purpose of the Lifeline program is to benefit low-income individuals. So I am glad that this FCC is taking strong action to hold bad actors accountable. Thank you to the staff of the Enforcement Bureau for your diligent work on this investigation. The Notice has my support.

STATEMENT OF
COMMISSIONER JESSICA ROSENWORCEL

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

The allegations that we have before us are ugly. We have a company that knew its agents were signing up bogus accounts to bilk the universal service fund and harm the Lifeline program. This company submitted ineligible claims. It slow rolled the removal of ineligible subscribers once it became clear that the jig was up. And its owner used universal service funds to purchase a Ferrari, a jet, country club memberships, and tens of thousands of dollars for landscaping. Cheating the government should have consequences—no matter who does it—because this behavior is not right.

But we should recognize that there are some other things that are not right. Last year this agency announced plans to gut Lifeline service in a manner that could cut 70 percent of its current subscribers.

Let's review who they are. We can start with the roughly 20,000 women, men, and children across the country who call a domestic violence hotline every day. Seventy-seven percent of domestic violence prevention programs distribute phones to help those who truly need a lifeline for safety. We can add the more than 500,000 Americans who live in Puerto Rico who rely on the Lifeline program for basic communications to stay connected in the aftermath of an epic storm. We can add another 1.3 million veterans who have honored us with their service and now rely on the Lifeline program in civilian life. On top of that, we can count nearly 2.2 million senior citizens who rely on this program to stay connected and healthy.

When companies cheat the Lifeline program, we need to make clear there are consequences. We need to block the door, deny them the ability to participate, and throw the book at them—as we do here. But let's lead with our humanity and not cruelty. Let's not cut off the millions of Americans who count on this program to stay connected every day.