



Ajit Pai  
Commissioner

FEDERAL COMMUNICATIONS COMMISSION

WASHINGTON, DC 20554

April 18, 2016

Mr. Chris Henderson  
Chief Executive Officer  
Universal Service Administrative Company  
2000 L Street NW, Suite 200  
Washington, DC 20036

Dear Mr. Henderson,

I seek your aid in combating the waste, fraud, and abuse that has riddled the Universal Service Fund's Lifeline program since wireless resellers began participating in this program in earnest in 2009.

The Commission's recent investigation of Total Call Mobile revealed much about the dubious practices of the industry. We learned, for example, how Total Call Mobile's sales agents repeatedly registered duplicate subscribers to the addresses of local homeless shelters and used fake Social Security numbers to register duplicate subscribers—all resulting in USAC's finding 32,498 enrolled duplicates. We learned how Total Call Mobile's sales agents repeatedly overrode the safeguards of the National Lifeline Accountability Database (NLAD)—abuse so far-reaching that at one point, 99.8% of Total Call Mobile's new subscribers were the result of overrides. And we learned how Total Call Mobile heavily relied on Supplemental Nutrition Assistance Program (SNAP) cards to register subscribers—in large part because that program can so easily be abused.

Disturbingly, we also learned that Total Call Mobile was not alone. Total Call Mobile's sales agents testified that they worked side-by-side with the sales agents of other Lifeline wireless resellers, like [REDACTED] and [REDACTED]. They also testified that they learned how to exploit the program from sales agents and supervisors who worked at various points for other Lifeline wireless resellers, like [REDACTED] and [REDACTED].

I hope you agree that we must be vigilant in stopping abuse of the Universal Service Fund. American taxpayers deserve to know that the money they contribute each month to the Fund is not wasted or put to fraudulent use.

Therefore, I request that USAC provide the following information to my office.

1. For each of the four Lifeline wireless resellers named by Total Call Mobile sales agents (*i.e.*, [REDACTED], [REDACTED], [REDACTED], and [REDACTED]):
  - a. A description of any investigations, audits, or reviews that USAC has conducted on such companies from October 2014 to the present, along with any reports drafted or issued by USAC or, in the case of no such report, a summary of USAC's findings.
  - b. If USAC informed any such carrier of duplicate enrollments, the number of duplicate enrollments involved and the date(s) on which the carrier de-enrolled them.

- c. For each study area of each company from the period of October 2014 to the present, a table showing how many subscribers enrolled each month; how many subscribers were newly enrolled or transfers from other Lifeline carriers; how many such subscribers were accrued as a result of an override of the NLAD's safeguards; and among subscriber-overrides, how many were attributable to the third-party-independent-verification check, the postal-address check, and the independent-economic-unit check.
  - d. To the extent USAC knows, how many subscribers relied on SNAP cards for eligibility verification and how many of such subscribers used temporary or blank SNAP cards for such verification.
2. A list of any and all Lifeline wireless resellers that overrode the safeguards of the NLAD more than 500 times between October 2014 and the present, noting the number and type of such overrides as well as the percentage of new subscribers that were enrolled through the use of such overrides, reported on a monthly basis by study area.
  3. An explanation of USAC's plan for reviewing, auditing, and investigating eligibility documentation retained by Lifeline wireless resellers since February 17, 2016 (the day that requirement took effect), as well as the results of any such review, audit, or investigation.

I appreciate USAC's continued work to protect the American taxpayer and safeguard the Universal Service Fund. Given the many millions in taxpayer funds that have already gone to waste, I ask that you respond with the requested information by May 2, 2016. If you have any questions, please feel free to contact Nicholas Degani in my office at (202) 418-2000.

Sincerely,



Ajit Pai  
Commissioner  
Federal Communications Commission