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May 11<sup>th</sup>, 2010

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Julius Genachowski  
Chairman  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington DC 20554

**Re: Reports of Universal Service Fund subsidizing free cell phones**

Dear Chairman Genachowski,

I am writing to express my concern about media reports that a portion of the funding issued through the FCC Universal Service Fund (USF) is being used to provide free cell phones and blocks of minutes to consumers in New York.

Specifically, I understand that a company called Safelink is offering free phones and minutes to start cell phone service. In their promotional materials the company indicates that "SafeLink Wireless was created by TracFone Wireless, Inc. when the Federal Communications Commission (FCC) recently approved the company to offer Lifeline -- a public assistance program that ensures telephone service is available and affordable for low-income subscribers. SafeLink Wireless applies the Universal Service Fund subsidy to an allotment of free airtime minutes and TracFone provides the wireless handset at the company's expense. Instead of receiving a subsidized monthly telephone bill for Lifeline service, SafeLink converts the total amount of discounted service into minutes each month for one year." I am concerned that the use of these funds outside of the normal parameters of the program is both inappropriate and unacceptable. Many are understandably upset at reports that their contribution to the USF is being used to subsidize free cell phones and minutes for other families.

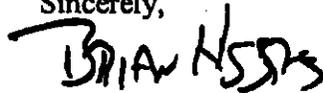
The great majority of cell phone providers in Western New York participate in the USF. Many of these companies charge fees on their statements to consumers who then bare the cost of this program. In light of the SafeLink advertisement, Western New Yorkers are rightly concerned that their contribution to the USF is going to subsidize a free cell phone and minutes for their neighbors.

To that end I would appreciate your assistance in answering the following questions: Is SafeLink using federal funds to provide free or discounted cell phones or minutes to customers? Is SafeLink using monies from funds paid into by New York consumers to provide free or discounted cell phones or minutes? Is providing a free mobile phone or minutes a valid use of

federal funds or USF funds? I also welcome any insight you can provide that will assist me and my community in understanding exactly what is going on here.

I understand the goals of the USF program to provide low income families with a jumpstart to purchase phone plans and service. However it is unfair to ask working families of Western New York to pay for free cell phones and minutes for their neighbors. To that end I look forward to your response.

Sincerely,

A handwritten signature in black ink that reads "BRIAN HIGGINS". The signature is written in a cursive, slightly slanted style.

Brian Higgins  
Member of Congress