

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 1684**

In the Matter of:

PUBLIC UTILITY COMMISSION OF
OREGON

Investigation into the Oregon Telephone
Assistance Program and Lifeline Marketing
Practices

STAFF'S STATUS REPORT AND
RECOMMENDATIONS

BACKGROUND

In Docket No. AR 574, the Public Utility Commission of Oregon ("Commission") considered a proposal by Commission Staff ("Staff") that the Commission adopt an administrative rule that prohibits the use of agents by Eligible Telecommunications Providers ("ETPs")¹ to solicit potential customers for the Oregon Telephone Assistance Program ("OTAP") and Lifeline supported services. In response, the Commission directed Staff to develop a record from which they can discern the nature of the abusive practices that should be addressed and to propose new rules accordingly. See Order No. 13-475 at 11 (December 19, 2013). As a result, the Commission opened an investigation, Docket No. UM 1684, into the OTAP and Lifeline marketing practices.

PROCEDURAL HISTORY

On February 4, 2014, the Citizens' Utility Board of Oregon ("CUB") filed a notice of intervention in this docket. AT&T Mobility, LLC, AT&T Corp., and Teleport America, LLC filed a petition to intervene on February 7, 2014.

On February 14, 2014, following a prehearing conference, Administrative Law Judge ("ALJ") Patrick Power issued a ruling that petitions to intervene were not necessary. The following parties who appeared at the prehearing conference were accorded interested person status: T-Mobile, US Cellular, Boomerang Wireless, Cricket, CenturyLink, Budget PrePay, Inc., AT&T Mobility, LLC, AT&T Corp., Teleport America, LLC, the Citizens' Utility Board of Oregon, and ComSpan. Under the procedural schedule in this docket, as modified, Staff held three workshops with the interested persons on March 26, 2014, June 10, 2014, and July 22, 2014. Ten business days following the last workshop, Staff was directed to file a status report and recommendations. Set forth below are Staff's findings and recommendations.

DISCUSSION AND RECOMMENDATIONS

¹ ETP status enables participation in the OTAP. Eligible Telecommunications Carrier ("ETC") status enables participation in the federal Lifeline program. A company cannot be an ETC without obtaining ETP designation in Oregon.

During the course of this docket, Staff gathered news reports and state and federal government filings pertaining to waste, fraud, and abuse in the Lifeline program related to marketing practices and the use of agents.² Staff also reviewed internal information regarding some of its experiences in administering the OTAP and Lifeline program in which agents played a role. Staff describes herein the nature of the marketing abuses that have occurred and recommends that the Commission propose proactive measures in a rulemaking proceeding to protect customers and preserve the fiscal integrity of the state (OTAP) and federal Lifeline programs. While it may be possible that such abuses could also occur if direct employees of an ETP are involved, the examples that have come to light are largely those in which non-employee representatives of the ETP entity, e.g., third-party agents, were involved. Smaller and less-established ETPs rely less on employees and more on agents to gain new customers in many states, as these companies do not have physical infrastructure or outlets on the ground within the state. One commenter in Docket No. AR 574 stated that, “Many carriers simply cannot justify serving smaller communities in Oregon without relying on agents.”³ Additionally, the mobile nature of the Lifeline service marketed by these ETPs, as well as the fact that the service and handset can be obtained for free, make it more difficult to identify and track actual occurrences of waste, fraud, and abuse. Proactive measures are recommended to prevent problems in Oregon that have already occurred in other states.

Financial Incentives

Oregon is not the only state concerned with reports of waste, fraud, and abuse that may be associated with the commission-based model under which third-parties solicit potential Lifeline customers. The Massachusetts Department of Telecommunications and Cable is seeking comment on whether it should regulate or restrict the use of the commission-based compensation model.⁴

The FCC has declared that “Lifeline was never intended to provide a profit for [ETCs].”⁵ In a July 28, 2014 speech at the Citizens Against Government Waste Policy breakfast, FCC Commissioner Ajit Pai stated that divorcing the universal service high cost support from low-income support “threw the door open for fly-by-night operators and those looking for a quick buck.” See Attachment 1. Also, U.S. Senator Claire McCaskill wrote a letter to Acting FCC Chairwoman Mignon Clyburn on September 19, 2013 ascribing commission-based incentives as a factor of waste, fraud, and abuse in the Lifeline program. See Attachment 2. U.S. Senator David Vitter stated the Lifeline program is mired in waste, fraud, and abuse based on his personal experience in which an associate provided him with the free phone despite indicating his income was above the poverty level. See Attachment 3.

Numerous reports in the news media have exposed waste, fraud, and abuse in the Lifeline program, often linking these abuses to perverse financial incentives. Representatives of

² Staff uses the term “agent” to generally refer to a third-party representative, except as specifically noted in this report.

³ See In the Matter of Rule Changes Regarding Eligibility for OTAP and Other RSPF Rule Changes, Docket No. AR 574 Comments of Budget PrePay, Inc. in Response to Notice of Proposed Rulemaking, page 2 (November 13, 2013).

⁴ See Order Implementing Requirements and Further Request for Comment, D.T.C. 13-4, pages 22-23 (August 1, 2014).

⁵ See *Lifeline and Link Up Reform and Modernization et al.*, WC Dkt. No. 11-42 *et al.*, Notice of Proposed Rulemaking, 26 FCC Rcd 2770, para. 14 (2011).

ETCs participating in the Lifeline program have engaged in aggressive behavior and illicit activity that was likely to maximize their earning potential, such as forceful solicitation of potential customers to apply for Lifeline supported service and even the complete fabrication of applications. See Attachment 4.

Recently, an ETC designated in Oklahoma, Icon Telecom, Inc., and its vendor, PSPS Sales, LLC were charged by federal prosecutors with crimes related to an alleged \$25 million conspiracy to defraud the Lifeline program. The vendor reportedly received \$7 to \$15 dollars for each new Lifeline customer and received more than \$1 million in commission payments from Icon from December 2011 to April 2013. The indictments allege that PSP Sales, LLC ordered its employees to peruse phone book directories to find names and addresses for phantom customers before selling the handsets registered to these phantom customers on the street. The indictments also allege that PSPS Sales, LLC employees falsified or forged the signatures of 40,000 phantom customers in order for Icon to continue receiving reimbursements from the federal universal service fund. See Attachment 5.

In 2013, a person employed as an agent of an ETC contacted Staff regarding forty (40) Lifeline applications that he had collected from Oregon consumers. At the time, the ETC had not launched its Lifeline service offering in Oregon, but the agent asked Staff how to submit the applications in order to receive his commission. The Internet (e.g., Craigslist postings and company websites) is an avenue that ETCs use to recruit and entice representatives with minimal requirements and application or phone-based incentives. One ETC advertises on its website that sub-agents can easily earn \$3,000 a month and in some instances, \$10,000 or more a month. See Attachment 6.

These practices have the potential for agents to manipulate the program for their own financial gain. On the other hand, without such incentives, companies may not find participation in the program financially feasible, and eligible customers may be less likely to learn about and enroll in the program in Oregon. Staff does not wish to deter legitimate program growth, but to prevent waste, fraud and abuse.

Recommendation:

Therefore, to reduce the inherent financial incentives and the potential for waste, fraud, and abuse, Staff recommends that the Commission pursue rulemaking to restrict incentives to only those based on successful enrollment in the OTAP or Lifeline program. Staff recommends the following rule language, currently in conceptual form:

The ETP may not provide or allow a representative (including any agent, contractor, or subcontractor) to receive any commission, bonus, or other incentive payment based upon the submission of an OTAP or Lifeline application. Such incentives may be based upon the successful enrollment of an Oregon customer in the OTAP or Lifeline program.

Customer Protection and Application

Protection of OTAP customers' personal identifying information⁶ is of paramount concern to Staff. As explained in Docket No. AR 574, Staff uses the customer's entire social security

⁶ Staff uses the phrase "personal identifying information" as "personal information" is defined in ORS 646A.602(11):

number to access the customer's record with the Oregon Department of Human Services' database to determine eligibility.⁷ Some ETCs have entrusted, or may in the future entrust agents with the responsibility of transmitting the OTAP and Lifeline applications directly or indirectly⁸ to the Commission and as a result, those agents and the ETC are privy to customers' personal identifying information. Staff is also concerned that agents, as explained above, have a financial incentive submit applications on behalf of customers with or without their knowledge and consent.

In 2013, an ETC agent, without authorization, collected Lifeline applications that contained personal identifying information, including social security numbers, from 40 Oregon consumers. The agent was in possession of these unsecured applications at his residence placing the customer's personal information at greater risk for theft. Staff is also aware of another instance in which an Oregon ETC used canvassers who completed and submitted the OTAP application with incomplete addresses and when a customer called for the status of the application, the ETC had no record of receiving the application. A canvasser used by that ETC provided to the consumer a business card that listed the canvasser's personal contact information. The business card did not contain the name and contact information of the ETC. These incidents raise concerns for Staff about the information consumers are receiving, and can make it difficult for Staff to investigate and assist consumers by identifying the responsible ETC.

In the past several years, Staff has spoken by phone on multiple occasions with different customers regarding electronic OTAP and Lifeline applications that had been submitted to the

(11) "Personal information":

(a) Means a consumer's first name or first initial and last name in combination with any one or more of the following data elements, when the data elements are not rendered unusable through encryption, redaction or other methods, or when the data elements are encrypted and the encryption key has also been acquired:

(A) Social Security number;

(B) Driver license number or state identification card number issued by the Department of Transportation;

(C) Passport number or other United States issued identification number; or

(D) Financial account number, credit or debit card number, in combination with any required security code, access code or password that would permit access to a consumer's financial account.

(b) Means any of the data elements or any combination of the data elements described in paragraph (a) of this subsection when not combined with the consumer's first name or first initial and last name and when the data elements are not rendered unusable through encryption, redaction or other methods, if the information obtained would be sufficient to permit a person to commit identity theft against the consumer whose information was compromised.

(c) Does not include information, other than a Social Security number, in a federal, state or local government record that is lawfully made available to the public.

⁷ See Order No. 13-475 at 7.

⁸ The Commission directly collects and processes OTAP and Lifeline applications from customers for all ETCs in Oregon with one exception. The Commission modified its processes slightly to accommodate the significant growth in applications due to the appeal of free Lifeline supported services by Virgin Mobile dba Assurance Wireless and TracFone dba SafeLink Wireless. These two ETCs collect and review applications from their potential Lifeline customers and transmit copies to the Commission. However, the Commission still verifies eligibility and checks for duplicates, as it does for all other ETCs. No ETC is authorized to claim reimbursement from the Residential Service Protection Fund that supports the OTAP and the federal universal service fund that supports the Lifeline program until receiving notification of eligibility from the Commission.

Commission. When questioned about the application process, customers indicated they had not personally entered their identifying information on the application form and did not click the submit button, which is an attestation to the terms and conditions for receiving the OTAP and Lifeline supported service. The customers indicated a company representative, later identified as agents or dealers of an ETC in Oregon, had completed the online application for the customers. In some cases, incorrect social security numbers were submitted on the application, and in many circumstances, the customer's address was outdated at the time of the application, affecting Staff's ability to enforce the FCC's one-per-household.⁹

According to several Craigslist advertisements in Oregon, a condition of employment as an agent is personal ownership of a mobile computing device (e.g., laptop, tablet, smartphone, etc.) to transmit Lifeline applications. See Attachment 6. In 2013, Staff was contacted by a customer who had sought to re-apply for OTAP and Lifeline benefits at an ETC dealer location and noticed that the auto-fill feature on a tablet computer browser or program was populating fields with the customer's own personal information. The customer realized the information she had submitted previously had been saved and could have been accessed by anyone handling the dealer's tablet.

The evidence in the record demonstrates the need for customer protection measures and safeguards for the secure transmission of the OTAP and Lifeline application that contains personal identifying information. Staff has collaborated with an ETC that has used agents to transmit applications to develop some materials that appear to be successfully adopted. See Attachment 7 for the postcard that the ETC's agents disseminated to customers in Oregon.

Recommendation:

Staff proposes that the Commission pursue rulemaking to adopt the following rule language, currently in conceptual form:

Neither the ETP nor its representatives, including agents, contractors, and subcontractors, may complete¹⁰ or sign an OTAP or Lifeline application on behalf of a customer. If an ETP transmits the customer's application or any representative transmits the application on its behalf, the ETP or its representative must provide the customer the following:

- Electronic or printed copy of the completed OTAP or Lifeline application;
- Confirmation verifying that the OTAP or Lifeline application was transmitted with the date of the transmission;
- Name of the ETP's representative who transmitted the OTAP or Lifeline application and the location where the customer received assistance;
- Name of the company that hired the representative acting on behalf of the ETP.
- Name of the ETP and OTAP or Lifeline service brand, if applicable;
- The ETP's contact information, including, but not limited to mailing address, customer service phone number, e-mail address, and web address.

⁹ See *Lifeline and Link Up Reform and Modernization et al.*, WC Dkt. Nos. 11-42 *et al.*, CC Dkt. No. 96-45, Report and Order and Further Notice of Proposed Rulemaking, 27 FCC Rcd 6656, para. 69 (2012).

¹⁰ Nothing in this conceptual language is intended to limit a consumer's ability to request accommodation under the federal Americans with Disabilities Act while completing an application.

The ETP's agents, contractors, and employees acting within the scope of employment may not use a personally owned mobile computing device, including, but not limited to tablets, phones, laptops, and PDAs, in the completion or transmission of the customer's OTAP or Lifeline application. The ETP must provide any mobile computing device used in completion or transmission of an OTAP or Lifeline application for the ETP.

The ETP must ensure that an OTAP or Lifeline applicant's personal information as defined in ORS 646A.600 is not stored or accessible to unauthorized users on a mobile computing device, including, but not limited to tablets, phones, laptops, and PDAs that are used by the ETP or its representatives in the transmission of the customer's OTAP or Lifeline application.

Marketing Events

Some ETCs host promotional events at temporary sites to solicit potential customers. As the point of contact for OTAP and Lifeline eligibility, Staff must be aware of marketing activity in Oregon to promptly and successfully respond to customer requests for assistance. The concerns associated with temporary events include how the information is presented, how applications are taken, who is taking applications and whether the other recommended customer protections are observed. These temporary promotional events are designed to reach more potential Lifeline customers, but their temporary nature could result in fraud or customer abuse like that reported in several instances.

On July 12, 2013, the Nebraska Public Service Commission received customer complaints and inquiries connected to a "temporary tent structure" event hosted by Telrite Corporation dba Life Wireless in Omaha. A disturbance occurred at the event where a large quantity of people attended in 90 degree plus heat without water or shelter. Law enforcement was dispatched to respond to the incident, which was televised by a local news station. In the September 17, 2013 Order revoking Telrite Corporation's ETC designation for several violations, the Nebraska Public Service Commission found that Brian Lisle, President of Life Wireless, could not identify the parties in charge of the event nor could he make a determination as to the identity of the responsible personnel at the event. See Attachment 8.

Recommendation:

Similar to the language in Oregon Administrative Rule 860-033-0110(3), Staff, proposes the following concept:

The ETP must provide to the Commission notice of promotional events at temporary locations conducted by the ETP or on its behalf by any agent, contractor, or subcontractor to promote enrollment in the OTAP or Lifeline program at least ten business days prior to the event. The initial notice must include the names of the participating agents, contractors, subcontractors, representatives, and employees and the location and dates of the promotional event. The initial notice may be corrected up to the date of the event if there are any changes in location or participants.

Representative Training

Staff believes that proper training is essential to prevent fraud and protect personal information. In her March 19, 2014 letter to Commissioner Stacey Monahan of the Massachusetts Department of Transitional Assistance, Sana Fadel, Director of Public Policy at

Rosie's Place, expressed concerns about the lack of transparent information given to customers regarding the Lifeline benefit by sales representatives. See Attachment 8. The National Consumer Law Center and the National Hispanic Media Coalition raised concerns to the FCC on March 24, 2014 about the inconsistent level of training among sales representatives. See Attachment 10.

TerraCom, LLC and YourTel America, Inc., Oklahoma-based affiliated ETCs, agreed to pay more \$1 million in reimbursements and voluntary contributions to the U.S. Treasury to resolve an investigation conducted by the FCC Enforcement Bureau for alleged violations of Lifeline program rules. For three years, these ETCs agreed to a robust compliance plan, including annual compliance training to their employees, to prevent future violations. See Attachment 11.

A Scripps reporter's Google search of TerraCom, LLC and YourTel America revealed that 170,000 records containing personal information of customers in twenty-six (26) states, including Oregon, were posted online via an unsecured website.¹¹ TerraCom, LLC and YourTel America admitted that 343 of these records, some of which dated back eight (8) months, were accessed by unknown parties in March and April 2013. See Attachment 12.

Brian Lisle, President of Telrite Corporation's Life Wireless, admitted at a May 7, 2013 "Show Cause Hearing" before the Nebraska Public Service Commission that personnel who conducted a Lifeline marketing event in Omaha were not prepared nor properly trained in the requirements of the state's Lifeline program, otherwise known as the Nebraska Telephone Assistance Program. The Nebraska Public Service Commission agreed that lack of training contributed in part to the July 12, 2013 Omaha tent event disturbance. See Attachment 8.

Staff supports requirements for initial training in OTAP and Lifeline rules as well as identity theft protection before ETC representatives can interact with potential OTAP and Lifeline customers to deter inappropriate behavior and security breaches. Annual training, thereafter, ensures that information being disseminated to the Oregon public is consistent. Also, an additional benefit of annual training is the education of representatives regarding new OTAP and Lifeline rules that may have been promulgated in the interim.

Recommendation:

Staff proposes that the Commission pursue rulemaking to adopt the following rule language, currently in conceptual form:

The ETP may not allow an agent, contractor, subcontractor, or employee acting within the scope of employment to make contact with potential OTAP or Lifeline customers regarding the OTAP and Lifeline program prior to receiving training in OTAP and Lifeline rules applicable to their duties. The ETP must provide annual training on the OTAP and Lifeline program thereafter to any representative who will have contact with potential OTAP or Lifeline customers. An officer of the ETP will certify annually, under penalty of perjury, compliance with this rule on a Commission-approved form.

Federal Communications Commission Standard

¹¹ TerraCom, LLC and YourTel America are not ETCs in Oregon, but a Scripps reporter confirmed for Staff that Oregon was listed because a former resident showed their driver's license as proof of identity.

In paragraph 110 of the *Lifeline Reform Order*¹², the Federal Communications Commission ("FCC") states that "[l]icensees and other [FCC] regulatees are responsible for the acts and omissions of their employees and independent contractors," and has held the regulated party responsible for violations of the [FCC]'s rules committed by agents. The FCC emphasized that the ETC "remains liable for ensuring the agent or representative's compliance with the Lifeline program rules".

The FCC Enforcement Bureau released an advisory notice (See DA 13-1435 or Attachment 13) on June 25, 2013 reminding ETCs that they are not only liable themselves, but that they "are liable for any conduct by their agents, contractors, or representatives (acting within the scope of their employment) [who] violate FCC's Lifeline rules." In this advisory, the FCC Enforcement Bureau cites 47 U.S.C § 217 of the Communications Act as the basis for explaining that any "act, omission, or failure of an agent acting within the scope of its employment by a common carrier shall in every case be also deemed to be the act, omission, or failure of such carrier."

Recommendation:

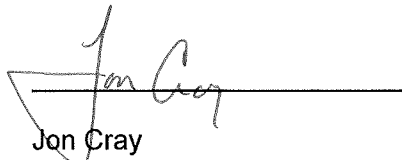
Consistent with the FCC standard, Staff proposes that the Commission pursue rulemaking to adopt the following rule language, currently in conceptual form, to ensure that ETCs are responsible for compliance with the rules and orders applicable to ETCs participating in the OTAP and Lifeline programs in Oregon by agents, contractors, or representatives acting on behalf of the ETC in Oregon. These terms are intended to have their plain and ordinary meaning.

The ETP is liable for any act, omission, or failure to comply with OTAP and Lifeline rules committed by an agent, contractor, subcontractor, representative of or employee of the ETP acting within the scope of the person's employment.

CONCLUSION

In conclusion and for the reasons explained above, Staff respectfully requests the Commission open a rulemaking proceeding based on Staff's recommendations, which serve to protect not only eligible low-income customers, but the interests of Oregon ratepayers who contribute to the Residential Service Protection Fund and federal universal service fund.

Dated at Salem, Oregon, this 5th day of August, 2014.



Jon Cray
Program Manager
Residential Service Protection Fund Program

¹² See *Lifeline and Link Up Reform and Modernization et al.*, WC Dkt. Nos. 11-42 *et al.*, CC Dkt. No. 96-45, Report and Order and Further Notice of Proposed Rulemaking, 27 FCC Rcd 6656 (2012).

**REMARKS OF FCC COMMISSIONER AJIT PAI
AT THE CITIZENS AGAINST GOVERNMENT WASTE POLICY BREAKFAST**

WASHINGTON, DC

JULY 28, 2014

In 1982, President Reagan challenged the President's Private Sector Survey on Cost Control, better known as the Grace Commission, to "work like tireless bloodhounds to root out government inefficiency and waste of tax dollars." Those who work for Citizens Against Government Waste, founded by the Grace Commission's eponymous leader, understand President Reagan's perspective better than most. There are some organizations that pick easy tasks. You most certainly have not. There's a lot of government excess to sniff out, and much spending to howl about—and it sometimes seems like the only thing unleashed is the public checkbook.

But take comfort in knowing that your work ferreting out waste, fraud, and abuse has made a real difference. I'm sure you've heard the adage popularized by former Senate Minority Leader Everett Dirksen: "A billion here, a billion there, and pretty soon you're talking about real money." You have adjusted that sentiment for inflation, and then some: You've helped to save American taxpayers over \$1 trillion dollars over the years. Thank you for all that you've done to reduce mismanagement and inefficiency in the federal government, and congratulations on your 30th anniversary.

Speaking of real money, the Federal Communications Commission, where I work, is responsible for the Universal Service Fund (USF). The USF currently distributes about \$8.3 billion a year. This money comes from charges on Americans' monthly phone bills.

You might have noticed that those charges have been going up in recent years. In January 2009, the universal service contribution factor—which you see represented on your phone bill as something like "Universal Service Charge"—was 9.5 percent. Today, it is 15.7 percent. That's a 65 percent increase in the last five-and-a-half-years.

Where do all those dollars go? The USF spends money on four different programs. One subsidizes phone service in areas of our country that are costly to serve, and is called the "high-cost program." Another subsidizes Internet access for schools and libraries, and is known as "E-Rate." A third subsidizes rural health care providers. And the fourth program is known as "Lifeline." It's this last program that I'd like to focus on this morning.

The single largest driver of the increase in the USF—and hence, consumers' phone bills—has been the Lifeline program. Since January 2009, the high-cost program has grown by 6.5 percent. Subsidies to schools and libraries have grown 11 percent. Subsidies to rural health care providers have grown 16 percent. But the size of the Lifeline program has grown by 102%, more than double!

What exactly is the Lifeline program? Well, if you type "the Lifeline program" into Google, the first link that comes up belongs to a life-insurance settlement program for seniors promoted by the only living "Golden Girl," the ever-charming Betty White. That's not quite what I had in mind.

The Lifeline program that is part of the Universal Service Fund provides discounts on telephone service to low-income individuals. Eligible subscribers can enroll through their choice of phone providers. Those providers, in turn, receive funds out of the Lifeline program equal to \$9.25 a month per customer or \$34.25 a month for customers living on tribal lands. The FCC's

rules allow discounts for landline or wireless service, but prohibit any household from getting more than one Lifeline discount.

The Lifeline program has a noble purpose. It's historically been a part of the FCC's effort to advance the principle of universal service—a principle that is enshrined in the very first section of the Communications Act. When an emergency strikes and someone needs to call 911, a phone line can indeed become a lifeline.

And for about a couple of decades after its inception in 1985, the program was generally free of substantial controversy. During the last Administration, for example, Lifeline grew at an annual rate of just 2.1 percent in real terms. Unfortunately, things quickly changed thereafter.

From the end of 2008 to 2012, the size of the program exploded from \$819 million to \$2.19 billion, an increase of 25.9 percent a year in real terms. This growth was fueled by substantial fraud and abuse. Phone companies were claiming subsidies for phantom customers or siphoning multiple subsidies for the same person. Let me share just a couple of examples with you.

Consider the case of Icon Telecom, an Oklahoma telephone company. Icon's owner was part of a scheme to defraud the Lifeline program out of more than \$27 million. Specifically, he knowingly asked the FCC for subsidies for tens of thousands of phantom customers. Here's how the scheme worked: The company's vendor had employees go through phone books in order to find names and addresses and register unsuspecting people for the Lifeline program. Then, they sold the phones registered to those fake customers on the street for \$5 each.

The number of customers the company fabricated was astounding. In September 2011, Icon reported having 2,200 customers in the program. Just over a year later, that number was more than 135,000! That type of growth might even make Bernie Madoff blush. In order to conceal this fraud, and to continue their phony customers' "participation" in the program, the vendor's employees forged over 40,000 signatures. To cover up the fabrications, they used different pens, different handwriting styles, and different formats for dates. And the icing on the cake? Earlier this year, Icon's owner pleaded guilty to money laundering for transferring over \$20 million from the company's account to his personal account.

Or take the case of Associated Telecommunications Management Services. The U.S. Department of Justice has alleged that the company, through the firm's subsidiaries, fraudulently received more than \$32 million dollars from the Lifeline program between September 2009 and March 2011. The three men who owned the subsidiaries and allegedly bilked the program out of millions were indicted this April and charged with wire fraud, false claims, and money laundering, along with conspiracy. With the ill-gotten millions they received from the Lifeline program, they allegedly went on a spending spree. They purchased, among other things, a private jet, a yacht named the "Knight Crew", an orange Lamborghini convertible, a black Mercedes-Benz S63, a black Cadillac Escalade, a blue Audi R-8, a red-bronze Corvette, and a Chevrolet Suburban limousine. Somehow, I doubt they used coupons or credit card points.

Unfortunately, these stories are not isolated incidents. Lifeline has been laced with fraud. *The Wall Street Journal*, for example, reported last year that among customers of the top five carriers in the program, 41% were unable to demonstrate their eligibility for Lifeline or failed to respond to requests to certify their eligibility. That's more than two million people.

Of course, not all of this fraud involves yachts and Lamborghinis. But it is no less pernicious. A common tactic has been for carriers to receive duplicative benefits for the same customer, which is a clear violation of the FCC's rules. For example, spot checks uncovered that in just one state—Oklahoma—and in just one month—September 2012—one carrier received duplicative support for 428 subscribers, a second received duplicative support for 307 customers,

and a third received duplicative support for 238 customers. And some carriers have been caught receiving duplicative support for thousands of customers. One had 4,387 duplicative customers in a spot check of just nine states.

And that's only the fraud on the corporate side. On the consumer side, there's substantial evidence that some people are signing up with every Lifeline company around. Contestants on "Who Wants To Be a Millionaire?" might get multiple lifelines, but the FCC's rules permit only one Lifeline account per household. And that's going to remain our "final answer" as long as I have anything to say about it. Nevertheless in the spring of 2013, the FCC identified 306 individuals, each of whom had signed up for at least four Lifeline accounts. Some actually had 11 accounts in their name!

Needless to say, this waste, fraud, and abuse is wrong. It is a moral and fiscal affront to the hard-working Americans who have been forced to pick up the tab in their monthly phone bills. And it harms those low-income Americans who are legitimately eligible for the program and rely on it for phone service. Good people suffer when bad people profit.

After hearing all of this, you're probably asking yourself: How could such rampant fraud occur? There are a number of reasons. First, the size of the Lifeline program has been on autopilot. Each of the other three USF programs—high-cost, E-Rate, and rural health care—has been placed on a budget. So it would be impossible for any of these programs to have doubled in size in three years without a vote among the FCC's five Commissioners. Only the Lifeline program remains uncapped. So spending can spiral out of control with no accountability.

Second, Lifeline expanded beyond landlines to cellphones provided by wireless resellers—companies that use others' networks because they don't have their own. This happened because the FCC eliminated the long-standing legal requirement that only providers with their own network facilities could receive financial support from the Universal Service Fund. Breaking the link between a Lifeline subsidy and investment in the network threw the door wide open for fly-by-night operators and those looking for a quick buck. Indeed, the FCC's decision had the effect of welcoming many new carriers into the program whose sole business model was to make money off of Lifeline. Many of them went on to perpetrate substantial fraud.

Third, the Lifeline program shifted from providing discounted phone service to free phone service. When Lifeline customers had to contribute towards their own phone bills, there was a strong incentive for them not to sign up more than once for the program. But when the program expanded to include wireless resellers, carriers began to give away phones and minutes for free. Needless to say, this made it much more enticing for people to sign up many times for the program.

And fourth, the FCC failed to put in place effective anti-fraud measures. There were not serious efforts to verify customers' eligibility for the program, to prevent carriers from claiming duplicative support for the same customer, or to block carriers from getting support for fake customers. Despite the sudden growth in Lifeline subsidies in 2009, the FCC did nothing for three years. Taken as a whole, the FCC's approach to the Lifeline program was a recipe for disaster. So the end result shouldn't have come as a surprise to anyone.

Fortunately, there is some good news to report. In 2012, the FCC adopted new rules designed to reduce waste, fraud, and abuse. For example, the agency created a National Lifeline Accountability Database to prevent multiple carriers from getting subsidies for the same customer. It also began to establish eligibility databases, making it easier for carriers to verify consumers' initial and ongoing Lifeline eligibility.

The Commission has also started to beef up its enforcement efforts. Between September 2013 and February 2014, the FCC proposed fines against eleven carriers totaling over \$89

million. A single proposed fine was for over \$22 million. In each of these cases, companies allegedly received duplicative subsidies for the same customer in the same month. Within the FCC, I was a strong advocate of proposing stiff financial penalties for blatant violations of the Lifeline rules. I'm glad Chairman Wheeler and my other colleagues saw it the same way and that each of these forfeiture proposals was adopted by a unanimous vote.

These initiatives have begun to bear fruit. From 2012 to 2013, Lifeline spending fell by almost 18%. So when it comes to combatting fraud, we are at least starting to move in the right direction.

But there's much more work to be done. Even in 2013, Lifeline spending was more than double what it had been only five short years before. So here are four simple steps that we should take to further reduce waste, fraud, and abuse in the Lifeline program.

First, the time has come to put the Lifeline program on a budget. It's as true for a federal program as it is for a family: A budget induces careful spending. A Lifeline budget will increase incentives to eliminate fraud and improve accountability within the program. And placing a cap on Lifeline spending will prevent any future explosion in spending without direct Commission accountability.

Now, some might complain that Lifeline is too important to have a spending cap. But the other three components of the Universal Service Fund—the E-Rate program, rural health care program, and high-cost program—are also important. Each of them is currently on a budget. Lifeline should be, too.

Second, we must reduce the financial incentives for people to commit Lifeline fraud. As I indicated earlier, Lifeline was not designed to give people free phone service. It was intended to provide low-income consumers with discounted phone service. And the recent shift to free wireless service plans has dramatically increased the incentive for individuals to break the FCC's rules by signing up for the program more than once.

The FCC has several options for properly aligning people's incentives. One option would be to prohibit wireless carriers participating in Lifeline from giving away free phone service to Lifeline recipients. Instead, recipients of wireless service would make at least a minimal monthly contribution. Requiring some skin in the game would align the Lifeline program with our other universal service programs, each of which requires some contribution by recipients to cut down on waste, fraud, and abuse.

A second option would be to empower the states to play a stronger role in helping to police the program. The Lifeline program has historically been a federal-state partnership, with states offering their own funds to supplement the federal program and doing their part to squelch misconduct. But a recent court ruling has threatened that partnership—preventing the State of Georgia from taking reasonable steps to cut down on fraud, such as requiring a minimum contribution from Lifeline subscribers. Nothing in the law prevents the FCC from clarifying that states are free to take appropriate measures to ensure the integrity of the program.

A third option would be to review the size of the current Lifeline subsidy—\$9.25 per month—and ask whether it's too high, given that it often pays for the entire cost of a monthly phone bill. Cutting the monthly support amount would directly cut both the incentive for fraud and the phone bills for consumers who pay into the USF. And it would better account for the falling costs of wireless service, so that consumers, not Lifeline carriers, benefit from the industry's newfound efficiencies.

Third, the FCC should fill the gaps in its rules that still encourage fraudulent behavior. For example, Lifeline carriers don't have to keep proof that consumers are eligible for the

program when they sign up. Some of them distribute free Lifeline phones on the spot, without verifying that consumers are eligible or that they live where they say they do. All of this means it's almost impossible for us to make sure that Lifeline funds will be wisely spent before we start disbursing them.

Reform here shouldn't be hard. Requiring carriers to maintain customers' proof of eligibility is common sense. And prohibiting the free-phone events that show up on YouTube—well, I just don't see why we'd want to encourage such behavior. These steps would eliminate some of the most glaring examples of abuse, which is something everyone should support.

And *fourth*, the FCC must step up its enforcement efforts. To be clear, I'm glad that the FCC has proposed substantial forfeitures against carriers for allegedly violating our Lifeline rules. But that's not the end of the process at the FCC. After proposing forfeitures and receiving the company's response, the FCC must take another vote to impose a forfeiture. So while proposing forfeitures generates good publicity for the agency, that alone isn't good enough. What really counts is imposing forfeitures.

Now is the time to take that step with respect to Lifeline fraud. Spotting violations only to let cases languish—all while providers continue to participate in the program—is not the way to combat abuse. As Yoda put it in *The Empire Strikes Back*, “Try not. Do . . . or do not. There is no try.”

Now is the time for the Commission to hold up-and-down votes. If we don't, we will invite more fraud by sending the signal that the FCC won't actually seek to collect fines.

Taking such action will also help us move aggressively to kick out of the Lifeline program those who perpetrate fraud. Take, for example, the case of True Wireless. Its owner was one of the three men indicted by the Department of Justice for Lifeline fraud three months ago in connection with the Associated Telecommunications Management Services case I discussed earlier. And the FCC has proposed to fine the company over \$5 million for getting duplicative subsidies for the same customers.

Yet, True Wireless is *still* receiving disbursements from the Lifeline program. So at the same time that the federal government was attempting to seize the CEO's 2010 Audi R8, his company received about \$1.5 million in federal funds last month. Twiddling our thumbs in the face of all this? That's not right.

Taken together, I am confident that these four proposals—imposing a budget, properly aligning financial incentives, filling gaps in our rules, and stepping up enforcement—would help to further reduce the waste, fraud, and abuse that have run rampant in the Lifeline program. At the same time, they would allow low-income consumers who are genuinely in need to get a discount on phone service.

I am under no illusion that it will be easy to get these things done. You know far better than most how difficult it can be to eliminate government waste. But we owe it to all Americans who fund the Lifeline program through their monthly phone bills. We should do whatever we can to ensure that their hard-earned money isn't wasted and doesn't end up in a fraudster's bank account or automobile garage.

Thanks once again for letting me speak with you this morning. And to borrow from former Senator Phil Gramm, when it comes to government spending, I hope you continue to do the Lord's work in the Devil's city.

CLAIRE McCASKILL
MISSOURI

606 HART SENATE OFFICE BUILDING
WASHINGTON, DC 20510
(202) 224-6154
FAX: (202) 228-6326
<http://mccaskill.senate.gov>

United States Senate

WASHINGTON, DC 20510

September 19, 2013

Attachment 2
Page/1
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SPECIAL COMMITTEE ON AGING

The Honorable Mignon Clyburn
Acting Chairwoman
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Dear Acting Chairwoman Clyburn:

I am writing in response to recent reports highlighting recurring and blatant waste within the Lifeline program, which is overseen by the Federal Communications Commission (FCC). On September 17, 2013, Scripps Howard News Service (Scripps) reported that former sales agents from two Lifeline service providers, TerraCom Inc. and YourTel America Inc., admitted to fabricating and signing enrollment documents at the request of their superiors. Fifty individuals listed on these applications said they had never seen or signed the forms.

In light of these details, the FCC should promptly refer the matter to federal prosecutors at the Department of Justice (DOJ) to determine whether criminal violations have occurred. Knowingly providing false information to a government agency for profit must be investigated. If these companies are found in violation of federal law, I expect the DOJ will prosecute those responsible to the fullest extent of the law.

As you know, the Lifeline program has proven ripe for fraud, waste and abuse, particularly since the program was expanded under the administration of President George W. Bush. Initially established under President Ronald Reagan, Lifeline had provided discounts for wireline phones for qualified, low-income customers, but was expanded to also providing prepaid wireless phone services in 2008. The program cost \$800 million in 2008 and ballooned to \$2.2 billion in 2012. Exacerbating the situation, unlike other Universal Service Fund programs, the Lifeline program lacks a spending cap.

The FCC's actions to control spending and address abuse in the Lifeline program have been utterly lacking. While the FCC took action in 2012 to improve controls in the program, they have proven badly insufficient. Furthermore, the FCC has failed to conduct serious oversight or undertake adequate enforcement actions. In fact, the FCC has taken only a single enforcement action since it expanded controls, assessing a total of \$1 million in fines. Notably, those fines were assessed to the same two companies whose continued wrongdoing has been exposed by Scripps. The \$1 million in fines stands in stark contrast to the approximately \$3 billion in expenditures under Lifeline during this same period. The FCC's failures in oversight

555 INDEPENDENCE
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(573) 651-0964
FAX: (573) 334-4278

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and enforcement are unacceptable and inexplicable. The FCC must drastically improve its oversight of the Lifeline program, or face the likelihood that lawmakers, like myself, whom are deeply troubled with both the structure and activities of the Lifeline program will be able to garner adequate support to terminate it.

In addition to referring the allegations made against TerraCom and YourTel to the Department of Justice, I expect the FCC will aggressively pursue its own enforcement actions against the two companies. The fact that these companies were bold enough to continue to violate the law with impunity, even after they were previously fined for wrongdoing, highlights the shortfalls of FCC enforcement. The FCC should fine both companies the maximum permissible amount under the Lifeline program of \$1.5 million and bar them from further participation in Lifeline and other USF programs.

The Scripps reporting should not be thought to reflect isolated wrongdoing. Other recent media reports have exposed additional fraud, waste and abuse, including providers signing up individuals ineligible for the program and subscribing multiple individuals in the same household. Inadequate requirements for applicants to prove eligibility, over-stringent privacy controls that make auditing Lifeline providers difficult, and permitting providers to pay their staff on a commission basis all contribute to fraud, waste and abuse. The FCC must also act to address these problems.

The FCC cannot allow Lifeline providers in the program to perpetuate fraud, waste and abuse of taxpayer dollars with impunity. I am prepared to work with you should you feel you need additional statutory authority to address the many shortcomings in the Lifeline program. However, I am equally prepared to aggressively pursue legislation to terminate the Lifeline program if the FCC continues to prove it cannot control the program.







Sincerely,

A handwritten signature in black ink, appearing to read "Claire McCaskill". The signature is stylized and cursive.

Claire McCaskill
United States Senator

CC: Attorney General Eric Holder

SENATOR CALLS FREE CELL PHONE PROVIDERS "WELFARE ABUSERS" AND CALLS FOR END OF PROGRAM

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Donna Anderson

Infowars.com

May 23, 2013

Calling for a complete halt to the government's free cell phone program, Senator David Vitter (R-Il.) says the system is mired in waste and abuse, the biggest offenders are the companies providing the cellphones, and you, the taxpayer, are footing the phone bill.

The Lifeline program

<http://www.fcc.gov/lifeline> was introduced under President Ronald Reagan and was originally intended to be used to subsidize landline phone service for poor Americans. According to the FCC, consumers who wish to participate must either have an income that is at or below 135 percent of the federal poverty limit or they must already participate in other assistance programs, like Medicaid, Head Start or foodstamps.

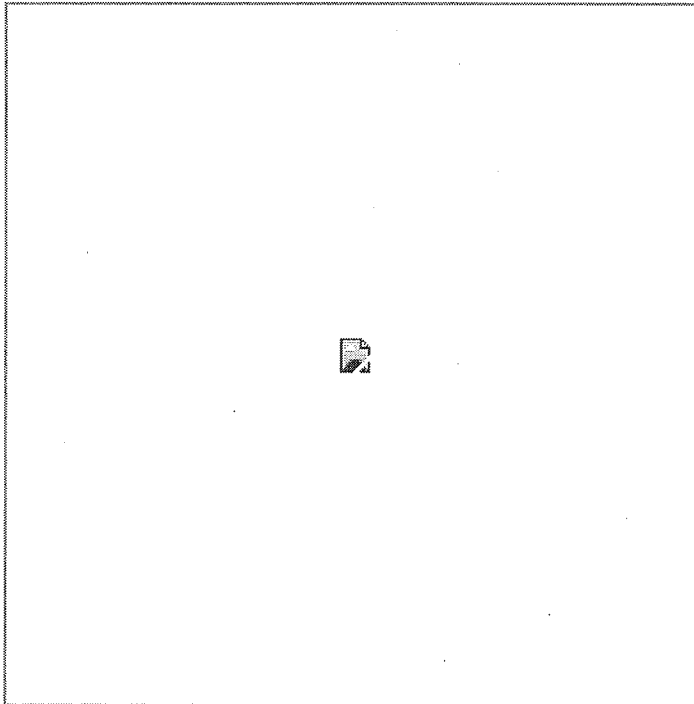


Photo: cobalt123

The program is government-run, but taxpayer funded. Anyone who has a landline or cellphone has an automatic universal service fee hidden in their bill – every month – that goes into the pot to cover the Lifeline program.

In 2008 the Lifeline program was extended to include cellphones and cellphone service because so many Americans were using these as their primary telephones. Ideally, the program was meant to provide low-income families with one cellphone and basic cellphone service to help while searching for jobs and in case of emergency.

In 2008 the cost of the Lifeline program was \$143 million. Now, says Vitter, the cost has skyrocketed to more than \$2 billion a year. According to Vitter (<http://www.foxnews.com/politics/2012/09/28/viral-video-touting-obama-phone-puts-spotlight-on-16-billion-federal-program/>), there are currently 270,000 Lifeline beneficiaries who have more than one free government cellphone, and the FCC found that only 41 percent of folks who are signed up for the program couldn't even be confirmed as eligible.

Vitter blames the "rampant waste and abuse" on the companies providing the free phones. Each time they hand out a free cellphone and turn it on they immediately start collecting \$9.25 every month that phone is in service – and that money comes directly from taxpayers.

Vitter cited an example of a gentleman who wanted to test the free phone system. He walked into a store advertising the free phone service and answered their questions honestly, telling the associate how much money he made (which was above the poverty level) and that he was not participating in any other government programs. They simply asked to see his driver's license and a pay stub, had him sign on the dotted line, and handed him a free, working cellphone.

Vitter says the store and kiosk owners who hand out the free phones couldn't care less if you qualify because they're not monitored, and the companies who provide the phones want you to take as many as you can carry because they make \$9.25 per phone, per month, for as long as you use the phone.

"The biggest welfare abusers of the current program are rich owners of companies who milk the system to get richer, who I would call 'Government Welfare Kings,'" said Vitter.



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CINCINNATI, OHIO 45202

PHONE: 513.977.3000
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Fraudulent signatures discovered on Lifeline phone applications

For immediate release
Sept. 16, 2013

(NYSE: SSP)

WASHINGTON, D.C. – For millions of low-income families, the federal government's Lifeline program offers affordable phone service. But a Scripps News investigation has uncovered people across the country whose signatures appeared on applications for phones and phone service without their knowledge. The fraudulent applications were for two phone companies participating in Lifeline: Oklahoma City-based TerraCom Inc. and its affiliate, YourTel America Inc.

Darryl Nelson of San Antonio, Texas, has never even heard of TerraCom. But there was his home address, his Social Security number and his signature on the bottom of a TerraCom Lifeline application-- misspelled and in someone else's handwriting.

"This is crazy," said Nelson, 51. "This is wrong."

Nelson was among 50 people in four states discovered by Scripps who had applications submitted in their names without their knowledge.

Former contract agents who worked for TerraCom and Yourtel told Scripps they forged application signatures, manufactured addresses and retained legitimate applicants' Social Security numbers and other personal information.

"It's about speed, quickness, money," said Reginald Strode, a former YourTel contract agent in suburban St. Louis. Strode said he questioned a team leader about having to sign others' names. "I was told, 'Don't worry about it. Just do it so it can get done.' "

Questions about TerraCom-YourTel's business practices have led to investigations in Illinois, Indiana, Oklahoma and Texas. And in July, TerraCom began terminating all 700 Lifeline sales staffers out of concern that rogue agents were breaking program rules.

Dale Schmick, chief operating officer for both companies, said he was unfamiliar with the forged applications. TerraCom and YourTel didn't conduct criminal background checks on sales agents, and Schmick said he didn't know if they were forbidden from simultaneously working for competing Lifeline providers.

Federal regulations do not specify how participating companies must vet and oversee Lifeline agents.

The Scripps News investigation *Privacy on the Line* is available at www.kjrh.com/lifelinesignatures and on Scripps TV stations and in Scripps

newspapers across the country. For a complete list of Scripps stations and newspapers, see <http://www.scripps.com/brands>.

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Contact Carolyn Micheli, The E.W. Scripps Company, 513-977-3732
carolyn.micheli@scripps.com

NATIONAL REVIEW ONLINE WWW.NATIONALREVIEW.COM PRINT

AUGUST 1, 2013 4:00 AM

Me and My Obamaphones

Not on welfare or below the poverty line? Never mind — here's your free phone.

By Jillian Kay Melchior

Confession: You're paying my phone bill.

In the past month, I have received three shiny new cell phones, courtesy of American taxpayers, that should never have fallen into my hands.

The Federal Communications Commission oversees the so-called Lifeline program, created in 1984 to make sure impoverished Americans had telephone service available to call their moms, bosses, and 911. In 2008, the FCC expanded the program to offer subsidized cell-phone service, and since then, the expenses of running the program have soared. In 2012, the program's costs had risen to \$2.189 billion, up from \$822 million before wireless carriers were included. As of June, there were 13.8 million active Lifeline subscriptions.

To be eligible for Lifeline, the applicant is supposed to be receiving some significant government benefit — food stamps, Medicaid, Supplemental Security Income, public housing assistance, etc. But because welfare eligibility has expanded under the Obama administration, more people than ever before are qualified to receive “free” cell-phone service — part of the reason why Lifeline mobiles have become commonly known as Obamaphones. Alternatively, applicants can qualify if their household income is less than 136 percent of the federal poverty line.

But as with any federal program with too much funding, too little oversight, and perverse financial incentives, Lifeline has become infamous for rampant fraud and abuse. There have been news reports about recipients flaunting dozens of subsidized phones. And in February, the *Wall Street Journal* reported on an FCC audit of the top five Lifeline providers, which found that “41% of their more than six million subscribers either couldn't demonstrate their eligibility or didn't respond to requests for certification.”

The FCC supposedly buckled down on eligibility standards last year and established other safeguards aimed at reducing fraud. I was curious about how tough it was to get one of these phones, so last month, I hit the streets of New York. And out of respect for the law and my journalistic integrity, I did not lie to obtain a phone.

Now is the point, I suppose, where I should explain that I really, really shouldn't have received a single phone. Despite what you hear, not all 20-something writers in the Big City are starving.

Given my earnings, even if I were supporting a family of eight, my income would still rule me out. Nor do I receive any type of government benefit. By the Lifeline program's standards, I am unambiguously ineligible.

My first task was figuring out where to register. The rule of thumb is that wherever you can sign up for food stamps, you can apply for an Obamaphone.

Representatives from SafeLink and Assurance, two of the leading New York Lifeline vendors, stand outside the food-stamp offices, paired like Mormon missionaries, young and polite and earnest. They carry electronic tablets and ask all passersby whether they've received their free phone "yet" — as if it were an inevitability.

They approached me for the first time outside the food-stamp office at Tenth Avenue and 216th Street, on the northern tip of Manhattan. The SafeLink vendor, a man probably in his mid 20s, asked me whether I was enrolled in any benefit programs.

"No," I said, "but I'd certainly like to be. I'm hoping to be." And indeed, while doing research for another story, I had gone through the motions of applying for New York City welfare, which I also don't qualify for. I showed him my Human Resources Administration paperwork packet and the case number assigned to me. I reiterated that though I had once applied, I had never been approved for any sort of benefit.

He brought out his electronic tablet immediately to sign me up for phone service. He asked if I had an insurance card, so I pulled out my trusty Blue Cross Blue Shield. He looked at it for a second, puzzled, then asked if I had Medicaid. No, I told him, just private insurance through my work plan.

"Private insurance? What's that?" he asked, maybe not facetiously. My BCBS card was nevertheless photographed, as well as the first page of my Human Resources Administration paperwork. He asked for my name and my home address, and that was about it. The whole process took less than five minutes, and I had to provide no documentation verifying my income level or (nonexistent) welfare status.

The SafeLink vendor then referred me to his opposite number, a rep from Assurance. She too took down my information, registering me for another Obamaphone.

Traveling to several of the welfare offices in the city, I learned this was common practice. Obamaphone reps come in twos, and both will sign you up if they can.

That's a very questionable practice, given the Lifeline program's rules: Each eligible household may receive only one Lifeline subsidy, and obtaining multiple subsidized phones from multiple Lifeline carriers is "a flat-out violation of our rules," says Michelle Schaefer, an attorney-adviser from the FCC's Telecommunications Access Policy Division, Wireline Competition Bureau.

Schaefer also tells me that “consumers are, on their applications, required to certify under penalty of perjury that they will only be receiving one Lifeline discount.”

But when I went around New York signing up for multiple phones, I never even saw the applications; SafeLink and Assurance vendors filled out the necessary forms on their tablets on my behalf, clicking through so quickly that it must have been nearly muscle memory. And nobody mentioned perjury.

Granted, the first question the wireless reps asked was usually whether I was already enrolled in the Lifeline program. I told the truth: I had signed up recently, but the phone hadn't arrived in the mail yet. Almost always, that got me re-entered into the system without hesitation.

When I did receive my SafeLink phone a few days later, I started informing vendors that I did have one Lifeline phone. They assured me that the Lifeline program permitted me to have one phone from *each* participating wireless provider — which simply isn't true.

Maybe there's a disconnect between the corporate offices of wireless providers and their men on the street; a letter I later received from Assurance mentioned that “a household is not permitted to receive Lifeline benefits from multiple providers. Violation of the one-per-household rule constitutes a violation of federal rules and will result in de-enrollment from the Lifeline program and potentially prosecution by the United States government.”

But the wireless providers aren't doing much due diligence, if my experience is indicative.

At the Union Square location, a SafeLink rep noted that I was already approved for a phone and declined to re-enter my information — but the rep from Assurance, standing only a few feet away, readily signed me up.

At the welfare office on Schermerhorn Street in Brooklyn, a vendor hesitated when I told her that I'd already applied but the phone had not yet been delivered. “Surely your system will catch if I'm actually enrolled,” I told her. She shrugged and signed me up once more.

At the DeKalb Avenue office in Brooklyn, when I told the rep I wasn't receiving welfare, I was signed up for a phone but cautioned that I might well be denied upon secondary review.

And at one Lifeline location in East Harlem, I walked up to the wireless representative talking very loudly on my own smartphone. I hung up only to answer her questions. Now, keep in mind that the program is supposed to provide cell-phone service to people too poor to afford any phone whatsoever — but my application for a subsidized mobile was happily submitted, even as I dinked around very obviously on my existing smartphone.

So here's the final count: I was able to apply on the street for one SafeLink phone and seven Assurance phones. I received one SafeLink phone and two Assurance phones, no questions asked.

For several other applications, Assurance sent me requests for more financial information.

Finally, I received one other letter, full of grammatical errors, informing me that “there is already an Assurance Wireless account established at this address” and requesting further information about my application. I find it curious that Assurance caught a duplicate only once, considering that I’ve got seven entries in their system, and that they have on file my name, address, HRA case number, and, in some instances, photos of my insurance card and driver’s license. SafeLink was slightly better about catching duplications on the street, but it still gave me a phone when it shouldn’t have.

Since receiving my undeserved phones, I’ve repeatedly tried to reach both SafeLink and Assurance press reps for comment, all to no avail. Their corporate offices have sent me the numbers of their customer-service centers, which are easily accessible and happy to offer plan upgrades to Lifeline clients.

Representative Tim Griffin (R., Ark.) has long opposed the Lifeline wireless subsidies, making it a pet cause. He reiterated the basic point I had learned from this experience: The problems began when the federal government got in the business of providing free cell phones, and the FCC’s recent reforms aren’t sufficient.

“I saw all the horror stories of people getting 10, 20, 30, 40 phones,” Griffin says, “the [wireless] companies not paying a lot of attention and in some cases no attention to who was getting them and whether they were getting duplicates.”

And if you’ve been wondering why the companies are so eager to hand out free phones, the incentive is built into the program. As Griffin explains, “Of course, the way the program was set up, [wireless companies] were getting money for every one they could give out, so they gave out as many as they could.”

And still do.

— *Jillian Kay Melchior is a Thomas L. Rhodes Fellow for the Franklin Center for Government and Public Integrity.*



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Free cell phones: Too good to be true or mailing mistake?

By [Connie Thompson \(http://www.komonews.com/tv/people/156478725.html\)](#) | Published: Nov 9, 2011 at 9:52 PM PDT (2011-11-10T4:52:51Z) | Last Updated: Nov 10, 2011 at 9:28 AM PDT (2011-11-10T16:28:16Z)

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We're used to getting free product samples in the mail, and in some cases, even free money if you open a new checking account. But what about a free cell phone?

Local consumers report receiving unsolicited cell phones from a company offering discounts on phone service for people with low incomes. State regulators want to know whether it's a potential problem or a few isolated mistakes or pranks.

Brian Mullis of SeaTac says he never ordered a cell phone but he got one out of the blue. The previously-owned cell phone just turned up in the mail.

<http://www.komonews.com/news/consumer/133587768.html?tab=video&c=y>

"It's a used Palm phone. You can see it's scratched and the lens is kinda scratched up a little bit. No manual with the phone or anything else," said Mullis.

The phone was sent by a company called YourTel America. Mullis called customer service find out what the free phone was all about..

"They said it's a government program, government-assisted program that we're working with," he said.

The government program is called [Lifeline \(http://www.lifeline.gov/lifeline_Consumers.html\)](http://www.lifeline.gov/lifeline_Consumers.html), and it provides discounts on monthly wireless or landline service for low-income customers who receive medical or food assistance from the government.

Eligible individuals get access to quality landline or wireless service at a reduced fee. Landline customers get basic phone service. Cell phone customers get a certain number of minutes each month.

Look on your next phone bill and you'll likely see a fee for something called the Universal Service Fund. That's the fund that helps provide quality telecommunications access for rural insular and high costs areas, schools and libraries, rural health care and low income programs. The wireless Lifeline program has been around in our state for more than a decade.

But Mullis, who already has a cell phone, isn't eligible.

"None of that applies to me," he said.

According to the state [Utilities and Transportation Commission in Olympia \(http://www.utc.wa.gov/regulatingIndustries/utilities/telcom/Pages/FederalUniversalServiceFunds.aspx\)](http://www.utc.wa.gov/regulatingIndustries/utilities/telcom/Pages/FederalUniversalServiceFunds.aspx), YourTel is one of nine phone companies authorized to offer low-income phone service discounts in the state of Washington.

"They're very new," said UTC's Amanda Maxwell. "We're still watching them, watching what they're programs are doing."

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Calls to the Commission's Consumer Helpline indicate Mullis is not the only local person to receive a cell phone they didn't ask for. Records show Carol Kinney of Seattle called the state to inquire after receiving a cell phone from YourTel which she had not requested. Both Kinney and Mullis report YourTel's response was to ask them to mail the phones back to the company. Mullis says the customer service rep told him the phone was sent to him by mistake.

"And they said, 'Well it was sent to you by mistake. Please just put on there 'return to sender' and send it back,'" said Mullis.

"As a consumer, you need to know that if you did not ask for this phone, then you don't have to do anything with it." said Maxell. "They didn't ask for it. They don't have to send it back."

Maxwell says while at this point, there does not appear to be a wide pattern of complaints, the state is monitoring the situation and wants to hear from anyone who receives a cell phone they did not request.

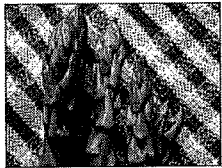
"We would like you to call the commission, because like I said, we are reviewing this tactic, and we would like to know if more people have received these phones," said Maxwell.

YourTel wants to hear from you, too. Vice president Dale Schmick was very concerned to hear about the unsolicited phones, and insists the only people receiving free cell phones, should be people who placed an order, which many people do over the Internet. Schmick wonders if the cases reported so far might be part of pranks, where the phone recipients were signed up by another person without their knowledge or permission.

Schmick acknowledges that consumers are not obligated to return unsolicited merchandise, but because of the operating costs involved, Schmick asks anyone who receives a phone they didn't ask for to at least call the customer service number provided, so they can reassign the programmed cell phone number to another phone. Ideally, Schmick says the company would appreciate people returning the phones- which is what Mullis ultimately decided to do.

Free phones, by the way, are not part of the government's Lifeline assistance program. Lifeline only provides discounts on monthly service fees. Any deals involving phone equipment are up to the service provider. According to a coalition of consumer groups, only about a third of eligible low-income Americans are currently enrolled in the wireless Lifeline program.

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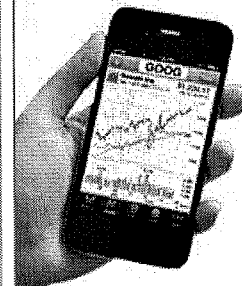


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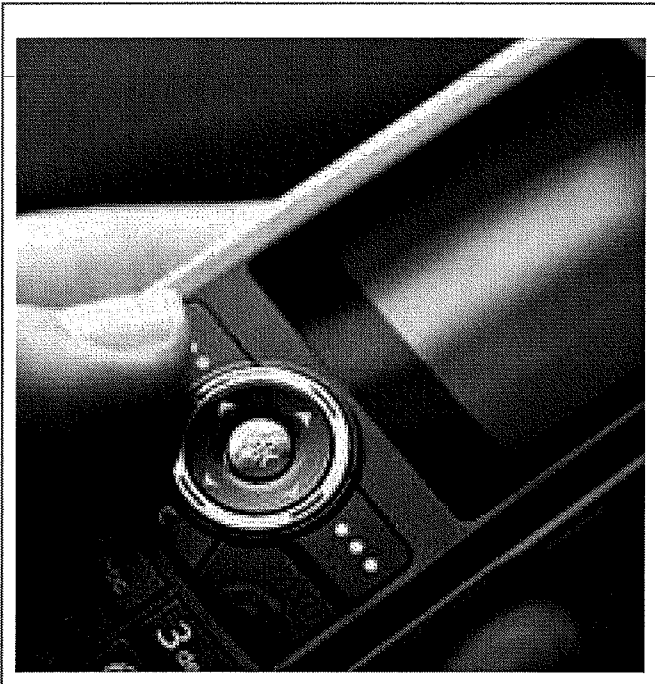
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Updated: 11/05/2012 12:53 pm

Published: 11/01/2012 10:17 pm

 Cell phone investigation (21.4MB)

why:

In 2008, the FCC paid cell phone companies in Oklahoma \$63 million through the Lifeline program.

Since then, it's sky-rocketed. This year they're on pace to receive more than three times that.

And more customers are signing up - more than two and half times what it was just four years ago.

Right now more than one out of 10 Oklahomans has a government-paid cell phone.

But how many of these users really qualify?

"We've had customers call in wondering how people are getting free phones, and I'm having to pay and support this thing," Jones said.

And if suspicions of fraud, abuse and waste aren't enough, FOX23 discovered something even worse - criminals using the free phones to commit crimes.

FOX23 agreed to hide his identity. But a drug dealer who just got arrested for dealing admits he was using a government cell phone to do it.

"That's exactly why I got it... to sell drugs... It's easy, very easy," he said.

Tulsa police say whether it's for gang activity, drug deals, or murders, some criminals are using government cell phones to help them do it.

"In the last six to nine months we've seen an explosion in cell phones," said Tulsa Police Department Homicide Detective Jason White.

"I went to one of those tents... and gave them a fake social, fake name, and fake last name, and it worked," the drug dealer said.

He says most criminals are doing the same thing.

"I do know people with several, several phones... I can get in the car right now and go to different tents and get one at every one," he said. "It seems like they don't even care."

It's not just criminals who say it's easy to get a free phone. Even those who qualify say the program's corrupt.

A woman who spoke to FOX23 said she went to a tent and got a nearly free phone through the FCC's Lifeline program. It costs her just \$2.57 a month. She qualifies because she receives government assistance.

But the company that gave her the phone - Assist Wireless - would never know that.

"She didn't ask me to prove it," the woman told FOX23. "I didn't have to show my driver's license. I could've said my name was Sally Brown, and it would've worked... They don't care."

While she waited in line, she said the agents didn't turn down anyone.

"Everybody got a phone that day," she said.

FOX23 went to investigate; a FOX23 photojournalist started asking questions at a tent set up at Admiral and Memorial.

"You work here?" the FOX23 photojournalist asked. "I don't have ID's or anything with me, and I need to get a phone."

"You have to have picture ID and proof of government assistance," the agent responded.

The agent wouldn't budge on the rules but pointed out who would.

"You might try them down there. They might do it," the agent said.

Turns out - he was right.

An agent in a True Wireless tent at 1st and Memorial tells the FOX23 photojournalist about the program.

And then the photojournalist tells him a story about why he doesn't have an ID.

"I got out of my ex's house without my ID's," the photojournalist said.

"Do you get government assistance?" the agent asked.

"Yeah, my kid gets free lunch," the photojournalist said.

"That works. Want to fill out an app?" the agent said.

Same story at Sheridan and King.

"I don't have my ID," the FOX23 photojournalist said. "Can we do that?"

"Yeah," the agent responded. "We'll work with you."

Of the six businesses FOX23 checked, four were ready to hand over a phone without an ID or proof of government assistance.

"It was as easy as walking up and asking the questions," said the FOX23 photojournalist.

FOX23 went back to get some answers. Most of the timen the agents and their tents were long gone.

At Admiral and Memorial, the same tent was there, the same company, but different people. FOX23 tell the agent there that the Easy Wireless agents there did follow the rules.

But she's quick to point out, others break the rules.

"Yesterday they were set up here and we were there. We'd turn people away, and they'd go to them and walk away with phones," she said.

She said it all comes down to money.

"What's the incentive? They get money for each phone?" asked FOX23's Janna Clark.

"They get a pretty nice commission," she said.

"Without proper identification, how do you know people are who they say they are?" Janna asked.

"You wouldn't," she said.

When we went back to 1st and Memorial, we found the same agents.

"Do you require people to show ID and proof of assistance?" Janna asked.

"Yes," the agent said.

"Do you do that everything single time or just sometimes?" Janna asked.

"They do it every time," the agent said.

"Were you here last Monday?" Janna asked.

"No," she said.

But FOX23's video proves not only was she there, she's well aware of the conversation the FOX23 photojournalist had with the other agent.

No matter how many ways Janna asked both agents denied everything.

FOX23 called their supervisor. He said he's over all the Assist Wireless and True Wireless Agents in Oklahoma. Agents from both those companies offered the FOX23 photojournalist a phone without proof that he qualified. He said other agents might do that.. but not his.

"They have agents out there that are up to no good, and they're giving us a bad name," the supervisor said over the phone. "I've got secret shoppers that watch my team all the time and make sure it's by the book. I can assure you that

they are."

"We have it documented on camera they're offering a phone without proof of assistance or ID," Janna said.

"Okay, I would love to see that," he said.

So FOX23 set it up so he could see the video. But once he got to the station, he decided he didn't want to watch it and make a comment about it.

The FCC polices the Lifeline program and made reforms this year to combat fraud.

But Jim Jones with the Oklahoma Corporation Commission says it's not working.

"It's pretty much out of control, and we're trying to reign it back in," Jones said.

"If the FCC isn't going to take any action... we feel like the Oklahoma Corporation Commission should start an investigation," Jones said. "If we don't get a handle on it at this level, who knows what will happen in 5 or 6 years."

The FCC says it's made reforms to prevent this kind of fraud. An FCC representative told Janna he wants to see FOX23's story, so the FCC can do its own investigation.

The FCC says customers who scam the lifeline program may face criminal charges.

They could face fines, go to prison, or may just be kicked out of the program.

In a statement, the FCC said the program has already been over-hauled, and more than 800,000 duplicate phones were eliminated, saving millions of dollars.

The FCC says the program goes through regular audits, and several investigations into companies that provide the phones are underway.

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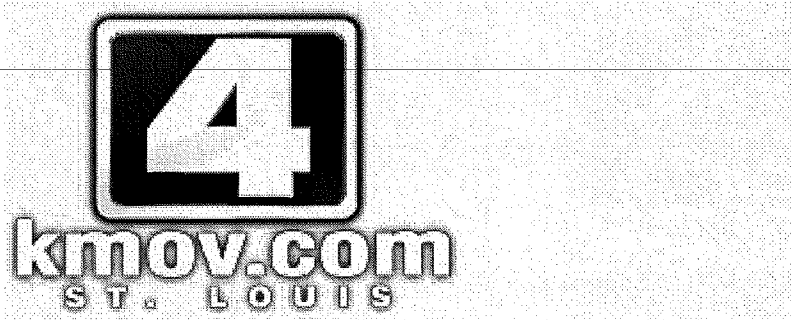
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More problems with free cell phone program

by Chris Nagus

KMOV.com

Posted on December 13, 2011 at 11:15 PM

Updated Wednesday, Oct 23 at 11:38 AM

(KMOV) -- News 4 has been investigating problems with a government funded cell phone program for months. The program is aimed at providing free telephone service for low-income Americans who also qualify for programs like Section 8, welfare, and food stamps.

The Federal Communications Commission oversees the Lifeline program. The agency confirms they are currently involved in multiple investigations that could result in civil penalties and criminal charges related to abuse of the program.

After airing stories about unwanted government funded cell phones showing up in mailboxes across St. Louis, News 4 received a call from Dean Stanley. Stanley told News 4 he was subcontracted to distribute free phones from Georgia based Life Wireless. A spokesperson for Life Wireless confirmed they were assisting St. Louis police in the prosecution of a rogue sales agent during a previous story. The company determined that agent signed up 917 unwilling cell phone recipients across St. Louis, but all government funds were refunded back to the program. Stanley told News 4 "Life Wireless seemed to get beat up in it, when we know they aren't the only ones doing stuff wrong." Stanley wanted to make it clear that he was not pulling names out of a phonebook to sign up customers, instead he was meeting them face to face.

Stanley allowed News 4 to watch as he and a partner distributed phones outside Missouri Workforce Development. Customers lined up at the window of his car, and many of them openly admitted they already had multiple government-funded phones. When asked one man told News 4, "this is to supplement my income." Another person on the street who wanted to remain anonymous said he had 4 phones from 4 different companies. According to the FCC this is a clear violation of the program rules. In many cases News 4 cameras observed people standing in line talking on cell phones as they signed up for the free phone. Stanley said he was just following the rules when he distributed the phones.

In Missouri, customers are not required to show a photo ID to receive a phone, instead they must show proof that they receive government assistance. In Illinois customers are not required to provide a photo id, and they are not required to show any proof that they are receiving government assistance.

The Federal Communications Commission responded with a written statement:

"Fraud or abuse in the Lifeline program is simply unacceptable, and we are moving aggressively to identify and stop bad actors. Recent actions include active, ongoing investigations into Lifeline fraud; a review of over 3.6 million Lifeline subscriptions to identify and eliminate duplicative support; a \$1.5 million settlement earlier this year to resolve fraud allegations against a Lifeline provider; and coordination with state commissions to strengthen program oversight. Moreover, the FCC will soon comprehensively reform Lifeline to further bolster protections against waste, fraud, and abuse and to preserve the integrity of a program that is essential to enabling low-income households to afford basic phone service, which can mean the difference in finding a job or reaching 9-1-1 during emergencies."

Missouri Senator Claire McCaskill told News 4 she's asking the FCC to review the program after she received an offer for a free phone at her Washington D.C. condo. McCaskill's U.S. Senate salary precludes her from receiving any form of government assistance. She says she was troubled when she noticed the written offer required no proof of eligibility in order to qualify for the program. On Wednesday night at ten News 4 will go in depth with Senator McCaskill at ten about her concerns with the program, and what she's asking the FCC to do to eliminate fraud and abuse.

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Your money wasted: Fraud in free cell phone program

Posted: Feb 29, 2012 12:47 PM PST

Updated: Mar 28, 2012 7:55 PM PDT

By Wendy Saltzman - email

ATLANTA (CBS ATLANTA) - Georgians pay the federal government more than \$262 million a year in mandatory universal service charges. That's the hidden fee you pay on your cell phone bill every single month.

That fund is supposed to help the government pay for free phones for the poor.

But CBS Atlanta News found multiple phones being given away to people who already had a free phone, and to people who don't need them or even want them. And the more phones these companies give away, the more money you pay.

Now CBS Atlanta News is asking the Tough Questions about how your money is being wasted in a program some warn is an easy target for fraud.

"Get your free government cell phones today, sign up today, get your free phone today," a Life Wireless contractor yelled out the door of his car.

The pitch the salesman is making is for people to get something for nothing - a free cell phone. In some cases, they receive the phones whether they need them or not.

"I signed up for two already, I got like two of them," one woman said.

The woman was in line to get her third free phone. In some cases, the people lining up for free phones admitted they already had three or four government-supported phones.

The company peddling the free phones is a contractor for Covington-based Life Wireless.

"You're going to get your third one today?" we asked one of the customers.

"Yeah," she said.

But the Tough Question is, are these phones really free?

The answer is no.

Lucinda Christianson told CBS Atlanta News that she didn't know why she received a free phone in the mail one day.

"My husband works, I work, we don't need a free cell phone," Christianson said.

The same thing happened to Barbara Combs and Rose Smith.

"I'm thinking, 'Why do I have these? Where did they come from, and what do I do with them now?'" Combs said.

"I think it's a waste of money," Smith agreed.

The women are just a few of hundreds of people who received phones in the mail, even though they didn't qualify for the federal government's LifeLine program.

Another man, who CBS Atlanta News is identifying only as Emil, also received a phone from Life Wireless,

"I think there's a scam somewhere," he said. "I said, 'I don't need this,' so I called the number. They said, 'You have a free phone.'"

But Emil has his own home, retirement and didn't qualify for the free phone.

CBS Atlanta News asked Life Wireless spokesman Michael Geoffroy whether or not his company was sending people phones even if they didn't qualify for them.

"There was a sales agent who we had contracted with, an independent sales agent who really tried to take advantage of the system and tried to sign up people who were not eligible and (attempted) to send out phones to get a commission from us," said Geoffroy.

The more phones the contractors hand out, the more money they make. And some people warned that is an incentive to give out free phones and your money, whether their customers are qualified or not.

Life Wireless launched their own investigation into allegations of fraud after learning one of their sales agents ordered 900 phones for people who didn't qualify.

Life Wireless caught the fraud and has since repaid the federal government about \$12,000.

CBS Atlanta News asked Geoffroy if he could be sure that there weren't more fraudulent cases that hadn't yet been detected.

"We check the orders and we check the individuals, so once we get the list back, we review the orders and check on our eligible folks," said Geoffroy.

Geoffroy said that no government funds were wasted in this instance of fraud, and that his company paid the government back from its own profits.

Life Wireless fired the contractor who was found giving out cell phones without adequate checks.

[Read Life Wireless' response to the CBS Atlanta News report here.](#)

But the bigger problem is that the FCC has no database where companies can check if a person has received one, two, three or even four cell phones from various companies. All someone has to do is show they are on government assistance, show their I.D. and they can get a free phone.

Last month, the FCC enacted comprehensive reforms in the LineLine program, which is expected to save the government \$2 billion in the next three years by increasing accountability and decreasing fraud.

[Read the FCC's statement here.](#)

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Oklahoma Is Ground Zero For Government Cell Phone Fraud

Posted: Oct 29, 2012 2:43 PM PDT

Updated: Oct 29, 2012 8:12 PM PDT

By Jennifer Loren, 9 Investigates - bio | email

It's a government program designed to help low-income Americans afford phone service, but even after it was reformed for lack of oversight, we found it's still rampant with fraud.

The Tip

Dee Anderson lives in Bartlesville and considers herself well-informed when it comes to government spending.

"I'm sick of all the freebies and the government waste," said Anderson.

Anderson said she couldn't believe the waste that was happening in her town as it was inundated with tents advertising free cell phones. She said she was furious to find out people she knew were given free government subsidized cell phones from those tents even though they didn't need them and didn't qualify for them.

"It's just not right," said Anderson. "It just infuriates me. I just get so mad about it."

Cell phone companies typically set up the tents in low-income areas, some even have lines of people waiting into the night to get free phones. Sometimes vendors do business out of their cars, topped with free cell phone signs or banners. At least one vendor operates out of a house in Oklahoma City. Vendors at those "free cell phone" tents are giving away free cell phones as they sign people up for a federal program called Lifeline.

The Lifeline Program

Under the Lifeline program, qualifying consumers could pay as little as 99 cents a month for cell phone service. The government pays the rest through the Lifeline program. In Oklahoma, companies could get as much as \$35 per month per phone, plus the cost of the actual phone.

According to the Federal Communications Commission, Lifeline began in 1985 to ensure all Americans have the opportunities and security that phone service brings, connecting them to jobs, family and emergency services. It was expanded to include cell phones in 2003.

According to the FCC, the number of low-income households with phones increased from 80 percent in 1985 to 95 percent in 2011.

If you pay a phone bill, you're likely paying for the Lifeline program through universal service charges. According to the FCC, the average universal service charge is \$2.50-\$2.75 per household. That means the average household pays \$30 to \$33 a year for all of the programs under the Universal Service Administrative Company, or USAC. In 2011, the Lifeline program spent \$1.75 billion of the money USAC collected.

[Click here to see where your money goes](#)

The Problems

Anderson contacted the Oklahoma Impact Team after conducting an experiment in Bartlesville. She said she wanted to see how easy it would be to rip off the government. Anderson said she waited in line at a tent, wearing her personal smart phone on her hip, to see if the vendor would give her a free phone even though she doesn't qualify. He did.

"Anybody can get them. They say it's a lifeline... they're for needy people. I'm not needy and I went up and I got one with no ID no proof of income, nothing," said Anderson.

The FCC has admitted it's lost hundreds of millions of Lifeline dollars to fraud, waste and abuse. It acknowledges that companies have broken several Lifeline rules, giving cell phones to unqualified people

and giving multiple phones to people who create duplicate Lifeline accounts.

The Reforms

According to the FCC the agency reviewed 7 million Lifeline subscribers last year and discovered 700,000 duplicate accounts. The agency also reviewed nearly 177,000 Oklahoma subscribers and eliminated nearly 8,000 of them for various violations. The agency says those revisions will save \$3 million annually.

To cut down on fraud, waste and abuse in the future the FCC drastically reformed the Lifeline program this summer, writing more stringent rules for companies to follow.

[Click here to read the FCC's reform order](#)

To legally qualify people must now show a valid ID and some sort of proof that their income is below the poverty line or that they already receive one of the following government benefits:

- Medicaid
- Food Stamps
- SSI
- Section 8 Housing
- Headstart
- TANF
- Free Lunch Program
- BIA General Assistance
- TTANF
- FDPIR
- LIHEAP

All of the tent workers we talked to said the reforms are working. They said they never give phones to unqualified people and always check to ensure customers don't create duplicate accounts.

"The way I try to do it is try to make sure that every customer, when they sign up they have to show me valid ID and their food stamp card or Medicaid card or whatever," said one tent worker.

The Hidden Camera Investigation

We wanted to see if tent workers really were following the rules, so we went undercover, wired with hidden cameras. Out of nine free cell phone stands, three were willing to break the rules.

- Workers in one Tulsa tent told our producers they could have a phone without proof they qualified--just an ID.
- A worker at an Oklahoma City cell phone stand said he'd meet me at the flea market and give me a phone, no questions asked. He said, "Like the only way I could give you a phone is if you go on Saturday to the flea market... I have phones there and I don't ask for anything."
- At a tent in Oklahoma City, a worker on a smoke break said he would "make it happen" and gave me a phone even though I didn't show my ID and didn't have proof I qualified for a phone.

The man who gave me the phone identified himself as an employee of Easy Wireless. He gave me a flip phone, a charger and a post card with a toll-free customer service number for Easy Wireless. The card also says, "We believe having reliable cell phone service is a right, not a privilege."

[Click here to read the Easy Wireless card](#)

Easy Telephone Services Company broke many of the rules they pledged to abide by in an [FCC compliance plan](#).

We've only used the phone a few times to call Easy Wireless, which is actually called Easy Telephone Services Company, based out of Florida. Our calls were never returned.

The Oklahoma Connection

It turns out dozens of wireless companies are flocking to Oklahoma, setting up tents, seeking to profit from

a special tribal provision in the Lifeline law. In most states, cell phone companies are only eligible to receive \$10 per month per phone, but companies that give away phones on former tribal lands receive up to an extra \$25 per month per phone from the government. That means companies doing business here are eligible to receive up to \$35 per phone per month. Unlike other states, that tribal provision covers almost all of Oklahoma.

One former tent worker told us each employee was required, by the company, to give away 50 phones a day. She said, at the beginning of last summer, the company gave her no rules to follow and she was giving out cell phones as fast as she could. Once the Lifeline reforms went into place, she said it was more difficult to meet her quota each month, but that customers found ways to get around the new rules.

Our calculations show, if all of that company's employees meet those quotas, it has the potential to gross \$50-80 million a year off the Lifeline program, in just one city.

There are currently 45 companies certified to enroll people in Lifeline in Oklahoma. Between January and August 2012, those companies received \$121,199,249 in Lifeline reimbursements.

The "Regulators"

The Oklahoma Corporation Commission approves licenses for phone companies to work in Oklahoma. A spokesperson says the OCC has been inundated with applications since cell phones became part of the Lifeline program. Currently there are close to fifty companies offering Lifeline service in Oklahoma. But an OCC spokesman says when it comes to enforcing Lifeline rules the state's hands are tied. He says only the feds can reprimand companies for fraud, they're just not doing it.

"I can't see where the FCC or the federal government's really taking any action to corral the abuse or fraud," said Jim Jones of the Oklahoma Corporation Commission.

The FCC is the enforcement arm of the program and it has threatened companies with fines, jail time and the loss of their license if they're caught breaking the rules. However, when we pressed the agency to show us how they've enforced the Lifeline rules a spokesman could only point us to one case where a company was actually punished. He says they're still refining that part of the Lifeline program.

To Report Lifeline Fraud

Contact the Federal Communications Commission's Office of the Inspector General Hotline at 1-888-863-2244 or 202-418-0473. You can also email your complaint to hotline@fcc.gov.

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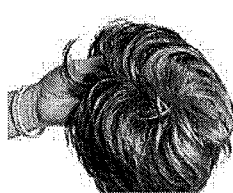
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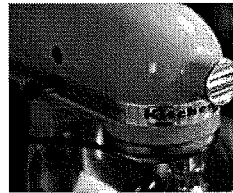
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Rogue Agent of Assurance Wireless faked free cell phone applications

AUGUST 10, 2011

If you live in Tennessee or Mississippi, you may have found a surprise gift in your mailbox recently: a free cell phone and 250 monthly minutes. What's that? You didn't ask for one? And you don't even qualify for one?

It turns out a rogue agent of Assurance Wireless, one of the major cell phone companies certified to participate in the federal government's phone subsidy program called Lifeline Assistance, faked applications for the phones. As result, a number of cell phones were delivered to residents of these states who did not apply for them.

KFVS 12, who uncovered the fraud, tells the story:

“ Jack Pflanz, corporate communications manager for Assurance Wireless, said the New York-based company partners with community outreach organizations in the states where it offers the subsidized cell phones to help market the program.

He confirmed that an unnamed agent with a Tennessee outreach group “...was fraudulently filling out applications” with the names of Tennesseans and Mississippians, pulled from public records. The agent was apparently padding his submissions of “certified” applicants.

“We were able to stop some of the phones from shipping, but a few got through,” said Pflanz, who could not say how many phones were improperly shipped.

“The agent who engaged in the misconduct was immediately terminated by the community

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outreach organization, and that organization has taken responsibility for the incident," he added, without releasing the name or location of the community outreach organization.

The incident revealed a loophole in the certification process.

A loophole? That's an understatement. The fundamental problem with this well-intentioned program is that, other than random audits, no one is verifying the eligibility of the phone recipients. The program relies upon the potential phone recipient to swear that they qualify and that the information they are submitting is true.

There are two ways to qualify for a free cell phone and the 250 free monthly minutes of service through the Lifeline program. With program-based eligibility, you merely say that you are on another qualifying government-assistance program such as Medicaid, public housing assistance, food stamps and others; no proof is required. With income-based eligibility, you must send documentation such as paycheck stubs or W-2's as proof. However, there is no way to know if the individual has submitted documentation from all his or her income sources.



As we see in an [audit going on in Florida](#) now, there seems to be no repercussion for lying on your application, other than returning a phone you should not have been given. When there are no consequences for misconduct, unethical actions are bound to occur. In today's story, it was not the individual asking for the phone, but a member of an independent outreach organization, whose agent sought to benefit from increased commissions. But we know from hearing plenty of anecdotal stories, and from looking problems with at any government program that hands out benefits, there is plenty of misconduct by individual recipients.

As we say over and over on our pages here at FreeGovernmentCellPhones.net, we strongly back the **free cell phone** program because it offers critical assistance to those who need help most, but we are intensely opposed to the money being wasted on those who are gaming the system. Money is in short supply these days, and the Universal Service fees that support this program — those fees tacked on to everyone's phone bills — should not be wasted. There needs to be controls in place, up front, to verify the status of applicants, not merely the occasional audit on the back end.

And we think the unnamed agent who committed the fraud should serve some time — without cell phone privileges.

Source: [KFVS.com](#)

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TerraCom Wireless | Free Government Phone Fraud Case

By Pamela Wilson-Lipscomb | August 14, 2013 0 Comment

TerraCom Wireless, who has been under scrutiny cuts its sales force. TerraCom, is Oklahoma-based company, participating

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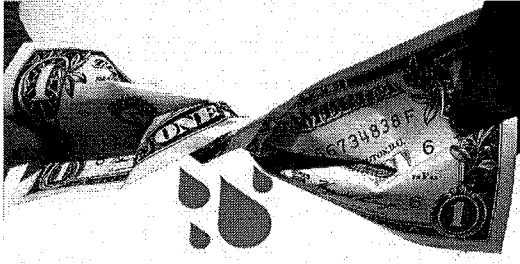
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in the FCC's Lifeline program. Many companies seeking Lifeline subscribers have been aggressively seeking subscribers. They use TV, radio and internet advertising. The most aggressive of them all are the human field agents. A field agent can be anyone from an in-store associate, to an agent set up outside a store, or poor communities, enrolling low-income clients.

Political figures, have been long complaining about the abuses of the lifeline program. Reports of customers receiving more than the allotted one phone per family; and unqualified people receiving phones. As I mentioned in, a previous post, "Free Government Cell Phone Fraud," this dishonesty hurts the program. Participating providers receive about \$10 a month for each cell or landlines subscription. Misreporting has caused some participating phone companies to exaggerated enrollments, to receive greater reimbursements than warranted.

TerraCom Wireless Responds to Criticism

Photo Used by Permission of Morguefiles




TerraCom Wireless, is cutting field agents by 700 people nationwide, ending its field operations. These actions are a safeguard against possible rule

violation by field agents, who have little over-site. The FCC has warned that all Lifeline providers are accountable for the conduct of all their employees and representatives and all breached of conduct will lead to a fine for each violation, to the tune of \$1.5 million. Last year, the FCC investigation of TerraCom Wireless, and YourTel America, lead to them reimbursing \$1 million to the FCC.

The ongoing investigation of Lifeline program providers, will help reduce, and hopefully end abuses of the free government cell phone program, that have cost states millions of dollars. In the days ahead, we may seen many Lifeline agents, adjusting their company practices, to make sure they are adhering to FCC rules and regulations of practice. As companies begin to truly, "follow the rules", hopefully the pressure put on cell phone providers will lead to better practices


and the program can continue to help low-income resident receive basic phone services.

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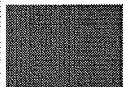


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Lifeline phone company TerraCom slashes sales force

By Isaac Wolf, Scripps Howard News Service
Posted July 12, 2013 at 9:48 p.m.

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An Oklahoma-based company facing questions about its aggressive enrollment of low-income subscribers in the federal Lifeline phone program is eliminating its sales force of approximately 700 people in 23 states, it announced this week.

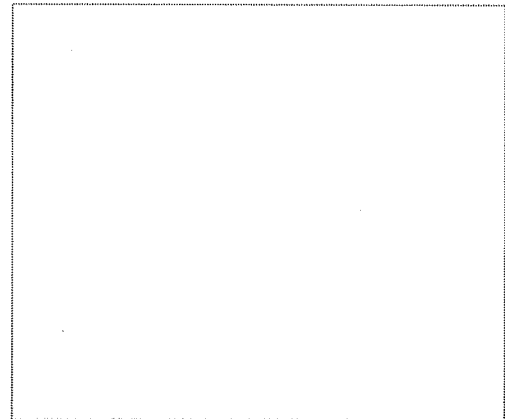
Dale Schmick, chief operating officer of TerraCom Inc., said in a statement emailed to Scripps Thursday that the company began terminating its field agents July 1 -- at least in part to guard against violating Lifeline rules. The federal program, which last year cost \$2.2 billion to operate, provides subsidized phone service to low-income households.

Lifeline has drawn criticism following reports of customers wrongly receiving multiple phones, instead of one per household, and of phone companies double-counting customers to increase reimbursements. Phone companies receive at least \$9.25 a month for each Lifeline cellphone or landline subscription.

TerraCom and its affiliate, YourTel America Inc., drew scrutiny after Scripps News this spring found sensitive customer information -- including full Social Security numbers, bank account numbers and other sensitive details -- posted on an unprotected site online. (See <http://www.shns.com/privacy-on-the-line>.)

TerraCom's field agents, typically paid on commission, solicit many of the company's customers while operating out of temporary booths at venues such as soup kitchens and flea markets.

In Thursday's statement about the mass firing, Schmick called it "the best business path forward" for TerraCom following a June 25 advisory from the Federal Communications Commission. The FCC warned that companies participating in Lifeline "are liable for any conduct by their agents, contractors or representatives" and must ensure that agents "scrupulously adhere to the Lifeline rules." Phone companies can be fined up to \$1.5 million for each violation.



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Schmick, in his statement, said the FCC expressed concerns that some agents might have misled prospective customers about the status of their Lifeline phone applications.

Last year, the FCC began investigating TerraCom and its affiliate, YourTel America, after finding duplicate claims of customers. In February, TerraCom paid \$1 million in reimbursements and "voluntary" payments to close the investigation.

TerraCom faces ongoing inquiries about business practices from regulators in Oklahoma and Indiana. Also, attorneys general in Indiana and Illinois are investigating TerraCom's data security practices following Scripps' investigation.

TerraCom's decision to end its agent program this week is an abrupt change. Called before the Indiana Utility Regulatory Commission last week to explain the company's rapid growth in the state, Schmick defended TerraCom's oversight of field workers. He outlined the company's procedures, including verifying applicants' identifies and auditing agents' work. Those safeguards were designed "to make sure nothing is happening that's not supposed to be happening," Schmick said.

At the hearing, Schmick pointed to the FCC's June warning to suggest that TerraCom's oversight was on track. "The FCC just did an enforcement advisory late last week, and their process is exactly what we have here," he told Indiana regulators.

Asked about the company policy change, Schmick said in a follow-up statement to Scripps that TerraCom had been considering ending the field agent program "for several months."

Related:

- More on Scripps' investigation
- The FCC's investigation
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(If you have tips about the Lifeline program, email Scripps national reporter Isaac Wolf at wolfi@shns.com.

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SEPTEMBER 16, 2013 4:00 AM

Fraud at Obamaphone, Inc.

A provider of government-subsidized cell phones cuts plenty of corners in its applications.

By Jillian Kay Melchior

Street-level vendors for TerraCom, Inc., a provider of government-subsidized phone service, were trained to forge signatures and falsify data, a former employee has told NATIONAL REVIEW ONLINE and the Scripps National Investigative Team.

The federal government's \$2.189 billion Lifeline program, which is supposed to provide subsidized phone service to the poor, has become notorious for fraud and abuse. Earlier this year, the Federal Communications Commission reported the results of an audit of the top five Lifeline providers: It found 41 percent of beneficiaries — approximately 6 million subscribers — hadn't proven their eligibility.

A new report from Scripps National Investigative Team, which airs on September 15 and 16, reveals more troubling details about potentially fraudulent applications from Lifeline provider TerraCom, which made \$52.3 million off the program last year, up from \$32.6 million in 2011.

"It raises a lot of questions about where the information comes from," says Jim Osman, Scripps TV's national investigative correspondent. "Did the company get reimbursed for those applications?"

Reginald Strobe began working on commission for TerraCom in the late spring of this year, earning \$3 for each Lifeline phone he distributed. Strobe, a three-time felon, says he was not required to pass a background check before he began work handing out subsidized mobile phones.

"Part of the problem is that we were taught go, go, go, go, go, as many clients — like 25 to 45 people a day," Strobe tells NATIONAL REVIEW ONLINE. "You gotta get that money. . . . Basically, we were rushing through the process. That's another reason I believe we were never taught to have the client fill out that information."

Strobe says managers instructed him to sign Lifeline applications himself, rather than allow the prospective subscribers to sign.

Furthermore, Strobe says, "there was one box that said, under penalty of perjury, that [applicants must] declare that all the information was correct. . . . I was the one clicking all the information. The client was not. And we were not even reading off the information to the client at all. We were

just clicking and going.”

Strode says he asked questions to determine eligibility and then submitted the application online for approval. If an application for a subsidized phone was not approved using the personal information the prospective subscriber had provided, he says, “there was a way that [TerraCom managers] taught us to go around it, which was go pick a random address off a website . . . just to push it through.”

Strode provided NATIONAL REVIEW ONLINE with a video he had recorded of a Lifeline employee training other workers to find an address at random to use for problematic applications. Addresses on Lifeline applications must be residential, but in the video, the trainer notes that for one applicant, “the address that he used was a business address, so I went and found an address on this site. . . . Hope he gets a phone.”

Phone companies make about \$9.25 per month for each customer they enroll in the Lifeline program. On June 25, the FCC’s Enforcement Bureau issued an advisory reminding Lifeline providers “that they are liable for any conduct by their agents, contractors, or representatives (acting within the scope of their employment) that violates the FCC’s Lifeline rules.”

Strode says he has since quit TerraCom, and he’s taking college classes to become a pastor or social worker. But he says the company never fully paid him the commission he earned. A current Lifeline user himself, Strode says some users really do need help paying for a phone.

But he says he also noticed that “there were many people who already had cell phones, like their own personal cell phones, but that didn’t matter. It was [our job] to get the phones out.”

Strode’s story may help explain why, when Scripps National Investigative Team obtained TerraCom Lifeline applications and interviewed 51 people listed on them in person, all but one said their signatures were forged. Most of the people had never heard of TerraCom. Some had owned Lifeline phones from other vendors, but others said they had never applied for a subsidized cell phone.

The Scripps National Investigative Team also discovered that several Lifeline phones were registered under addresses of vacant homes in Indiana. Six TerraCom applications were under the names of men in a Milwaukee homeless shelter, who also claim their applications were forged.

But earlier this summer, TerraCom’s chief operating officer, Dale Schmick, told Indiana officials that TerraCom followed a verification protocol to ensure that phones were not approved for applications that listed addresses of abandoned buildings or homeless shelters. (According to the Lifeline rules, applicants who live in homeless shelters must fill out a worksheet verifying that they are economically separate from any other residents there.)

This is not the first time TerraCom has come under scrutiny for its practices. Earlier this year, the

Scripps Investigative Team discovered that confidential data regarding more than 170,000 TerraCom Lifeline subscribers was put online, including Social Security numbers and financial information.

In April, Indiana's Utility Regulatory Commission launched an investigation about how TerraCom "has been able to accomplish such rapid growth in the State of Indiana and whether the practices involved are compliant with the Commission's Order and goal of minimizing waste, fraud, and abuse."

Oklahoma and Texas are also making inquiries about the company. In February, TerraCom and its affiliate, YourTel, agreed to pay a settlement of more than \$1 million after an FCC investigation found some of the company's customers had received more than one phone, which is against the Lifeline program rules.

In July, TerraCom said they had laid off 700 people in 21 states, their "entire sales staff." But NATIONAL REVIEW ONLINE spoke with a salesman this week who claimed he was still working at TerraCom, and had been there for more than a year. Strode says many of the commissioned TerraCom employees he had worked with went to SafeLink and other Lifeline vendors after being laid off.

TerraCom is not the biggest Lifeline provider by a long stretch, but anecdotes, audits, and reports continue to reveal widespread fraud and abuse throughout the program. And Lifeline's costs have increased by 166 percent in the past five years.

What began as a program for the poor has quickly devolved into corporate welfare, but like many federal initiatives, this deeply flawed program is almost impossible to shut down. A simple start would be to bar repeat abusers like TerraCom.

— *Jillian Kay Melchior is a Thomas L. Rhodes Fellow for the Franklin Center for Government and Public Integrity.*

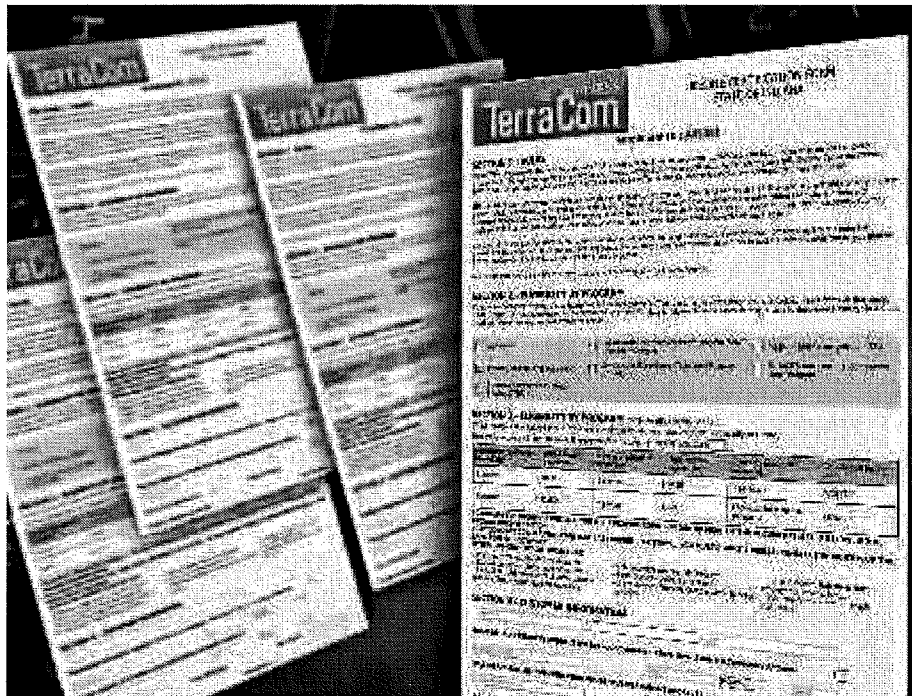
Lifeline phone applications: TerraCom, YourTel contract agents claim signatures forged

Signs of forgery and fraud plague two carriers

BY: Isaac Wolf, SHNS

POSTED: 12:01 AM, Sep 15, 2013

UPDATED: 7:22 AM, Sep 15, 2013



Autoplay: On

Lifeline phone applications raise specter of forgery at carriers TerraCom and YourTel America.
VIDEO BY KJRH

WASHINGTON, DC. - Darryl Nelson studied the completed application form in his hands. He'd never heard of TerraCom Inc., a company offering subsidized phone service through the federal Lifeline program. But there was his home address in San Antonio, Texas, and his Social Security number. There was his signature on the bottom -- misspelled and in someone else's handwriting.

"This is crazy," said Nelson, 51. "This is wrong."

Likewise, a Milwaukee woman was surprised to find her name, improperly spelled but linked to the correct address, on a TerraCom application. "I don't even know no 'Roby,'" said Ruby Dixon, 57, shown the form at her home.

They're among at least 50 people who had applications submitted in their names, without their knowledge, for Lifeline, a Scripps News investigation finds.

TerraCom and its affiliate, YourTel America Inc., together provide Lifeline phone service in 21 states. Their issues reflect broader concerns about administration of the government program, which aims to ensure that low-income households have an open line to jobs and medical care.

Former contract agents for TerraCom and YourTel told Scripps they forged application signatures, manufactured addresses and retained legitimate applicants' Social Security numbers and other sensitive personal information.

"The people were not signing those. We were, as the workers," said Reginald Strode, 35, a former St. Louis-area contract sales agent for YourTel.

One former agent said he believes his boss "double dipped," taking TerraCom applicants' information and submitting it to another Lifeline company to collect extra commission. Scripps could not independently verify allegations.

RELATED STORY - At homeless shelter, Lifeline phone program's approval process raises concerns (<http://bit.ly/18ZpTBw>) (<http://bit.ly/18ZpTBw>)

The Federal Communications Commission, which declined comment for this article, has warned Lifeline carriers that they face fines of up to \$1.5 million if sales representatives break program rules. It hasn't specified how companies must vet and supervise agents.

The Project on Government Oversight, a watchdog group in Washington, D.C., called for stricter controls across Lifeline and close scrutiny of TerraCom's applications.

"The FCC needs to tighten up its program," said Scott Amey, general counsel.

for the Lifeline cellphone program

(http://www.kjrh.com/generic/news/local_news/investigations/Scripps-investigation-into-Lifeline-program-uncovers-privacy-breach-exposing-sensitive-personal-information)
(www.kjrh.com/privacyontheline)

Launched in 1985, Lifeline expanded to wireless service in 2005. Its price tag rose from \$800 million in 2009 to \$2.2 billion last year, the congressional Energy & Commerce Committee reported this spring (<http://energycommerce.house.gov/press-release/communications-and-technology-subcommittee-schedules-hearing-examine-lifeline-program>) .

The introduction of cellphones contributed to abuses. Customers found ways to receive duplicates ; phone companies double-counted some customers, forged applications or failed to verify eligibility.

In response, the FCC tightened regulations last year; the number of participating households plummeted from a peak of 18.2 million last August to 13.2 million in April.

(<http://docs.house.gov/meetings/IF/IF16/20130425/100759/HHRG-113-IF16-Wstate-VeachJ-20130425.pdf>)

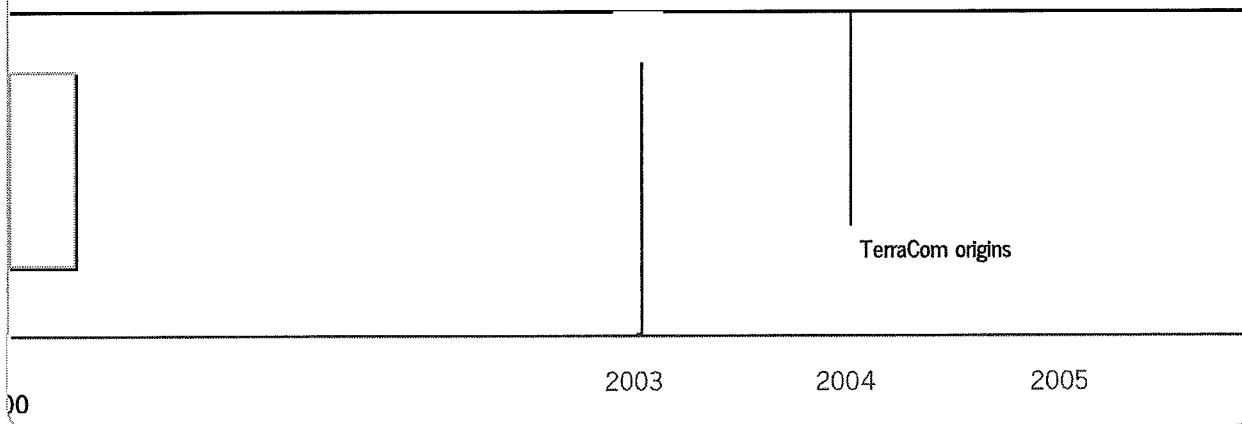
Among the roughly 2,000 Lifeline phone companies, salespeople commonly have financial incentive to enroll as many customers as possible. Agents typically get one-time commissions of \$3 to \$5 per enrollment from participating companies, which receive \$9.25 a month for each customer household -- \$34.25 for those on tribal lands. American consumers pick up the tab for Lifeline and other federal communications programs through an average \$2.73 monthly surcharge on their phone bills, the Government Accountability Office reported last year (<http://www.gao.gov/assets/600/592957.pdf>) .

Launched in 2004, Oklahoma City-based TerraCom's business mushroomed after acquiring YourTel in December 2010. That year, TerraCom and YourTel cumulatively received \$21.3 million from Lifeline, Scripps' analysis of federal filings show. Last year, their combined Lifeline disbursements reached \$89.6 million.

Troubles also have mounted for TerraCom. Last year, the FCC began investigating after learning the company had been paid multiple times for the same customers. The FCC closed its investigation after TerraCom promised to increase oversight and pay \$1 million in

A look at 2 Lifeline phone carriers: TerraCom and YourTel America

Last year, TerraCom Inc. and affiliate YourTel America Inc. together received nearly \$90 million from the federal Lifeline program to subsidize phone service for low-income families, a Scripps analysis of federal filings shows. That makes the pair among the 10 largest recipients of Lifeline dollars out of roughly 2,000 participating phone carriers. Majority stakes in both companies are held by Richard Yurich and Jason Hirzel.



Questions about the company's business practices have led to investigations in Illinois, Indiana, Oklahoma and Texas.

In Indiana, where TerraCom acquired 30,000 subscribers in less than a year, the State Utility Regulatory Commission sought answers from the firm's chief operating officer at a July hearing. Dale Schmick rejected the suggestion that his company profited by cutting corners on Lifeline oversight.

"There has to be some assumption of morality here -- that we're doing the right thing," Schmick told the panel of Indiana regulators.

He didn't acknowledge to the regulators that TerraCom had begun terminating all 700 Lifeline sales workers out of concern that rogue agents were breaking program rules.

Before terminating its sales program, TerraCom

had a "comprehensive series of policies, procedures and protocols" for workers and a hotline for them to raise questions, a company spokesman said.

Had the company scrutinized an application allegedly from one woman in Fort Worth, Texas, it might have detected inconsistencies. A Scripps reporter showed Cheryl Mills, 57, an application in her name, signed Cherly. "Oh, my god," she said of the misspelled signature, which she said wasn't hers. "That's pitiful."

Scripps reporters visited Mills and scores of others after discovering their information online. In May, the news company reported that Call Centers India, a data vendor for TerraCom, had posted 170,000 Lifeline customer-application records on an unsecured website. Scripps' reporting led attorneys general in Illinois, Indiana and Texas to open investigations into the data breach.

Scripps subsequently found, and interviewed in person, 50 "applicants" in Indiana, Pennsylvania, Texas and Wisconsin who disputed signing the Lifeline applications they were shown. Sometimes, TerraCom collected multiple applications -- up to six per person.

After Scripps presented these disputed applications to Schmick, a company spokesman said TerraCom had approved 31. He expressed confidence that, of those, 21 came from eligible customers -- but couldn't explain why the remaining 10 were approved.

Former agents attribute violations to a company culture that prized results over process.

Attachment 4
Page 38

"It's about speed, quickness, money," said Strode, the former agent in suburban St. Louis. Strode said he questioned a team leader about having to sign others' names. "I was told, 'Don't worry about it. Just do it so it can get done.' "

Strode said he forged signatures on all 57 Lifeline applications he submitted while working for YourTel for six weeks in May and June. YourTel approved 41, Strode's records show.

Strode said his regional supervisor instructed him to generate fake home addresses and falsely state that he'd checked whether an applicant's household already received Lifeline service.

That supervisor, Chris Watson -- released in July with the rest of the company's Lifeline sales staff -- denied instructing Strode to do anything illegal. "The system was so legit," he said of the application process during a phone interview.

Much of Strode's account was corroborated by a former TerraCom agent in another state, who said his regional boss also told him to forge signatures. This agent knew of applicants Scripps had found in the TerraCom files. Now working for another Lifeline provider, he requested anonymity to avoid losing his job.

While working for TerraCom last year, the agent said he collected and signed about 200 applications. He estimated the company approved roughly 80 of them.

The agent said his boss once set him up at a table bearing a TerraCom competitor's banner. He said he believed the boss submitted the same applicants' information to both TerraCom and its competitor to generate extra commission. He "was getting paid out from both," the agent said.

Schmick, unfamiliar with the allegation, said he didn't know whether TerraCom forbade its agents from simultaneously working for competitors.

Both Strode and the unnamed agent said they, not applicants, initialed Lifeline documents attesting to eligibility.

A TerraCom spokesman said "those responsible should be held accountable."

He pointed out that Strode was terminated in June for attempting to sell a free phone; Strode said it was over a \$70 pay dispute.

Strode told Scripps he had felony convictions for theft. A review of FCC's Lifeline regulations shows no requirement for companies to conduct criminal background checks on its sales force. Nor does TerraCom itself call for such measures, a spokesman said. Strode called that "reckless on the part of whomever hired me."

Nearly a month after Strode's dismissal, he opened his personal laptop to show a reporter dozens of digital photos of driver's licenses and food stamp cards taken during the Lifeline application process. Strode said he didn't know he was supposed to delete the sensitive records.

The FCC told Scripps that a single privacy violation can trigger a \$1.5 million fine for Lifeline companies.

TerraCom agents receive training on "all the state and federal requirements," Schmick told Indiana regulators in July.

"Man, there ain't no training," said Strode, the former agent.

Nor is the company monitoring social media. For nearly a year, the "TerraCom Wireless Corpus Christi" Facebook page has invited Lifeline recipients to violate program rules by giving their Lifeline-activated phones to those "who may not qualify." Scripps notified Schmick of the posting in July. As of Sept. 10, it was still online.

EDITORIAL - Lifeline phone program needs FCC's closer oversight of TerraCom, YourTel America and other carriers (<http://bit.ly/18Y5bTE>) (<http://bit.ly/18Y5bTE>)

(Reach reporter Isaac Wolf at wolfi@shns.com (<mailto:wolfi@shns.com>) . Scripps News' Jim Osman contributed to this report; email jim.osman@scripps.com (<mailto:jim.osman@scripps.com>) . For more on

this investigation, [click here](http://www.shns.com/privacy-on-the-line). (<http://www.shns.com/privacy-on-the-line>))

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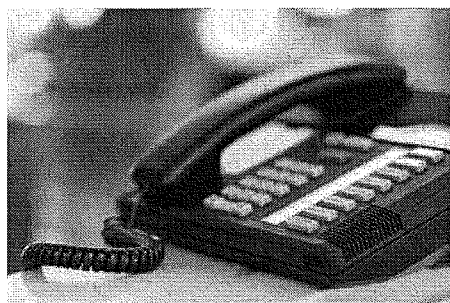
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Federal government charges Oklahoma telephone company, its owner and vendor with fraud

Fake customer names and certification documents are at the center of a \$25 million scheme by Icon Telecom Inc., its owner and a vendor to defraud the Lifeline telephone program for low-income households, federal prosecutors said Wednesday.

by Paul Monies (/more/Paul Monies) (<https://plus.google.com/100998321323581507732?rel=author>) Modified: June 4, 2014 at 10:04 pm • Published: June 4, 2014

An Oklahoma telephone company, its owner and a vendor have been charged by federal authorities in a \$25 million scheme to defraud a federal telephone subsidy program for low-income customers, officials said.



(/gallery/articleid/4881954/1/pictures/2729475)

Photo by Thinkstock

Wesley Yui Chew, Icon Telecom Inc. and a Mexican national, Oscar Enrique Perez-Zumaeta, were charged in federal court in Oklahoma City in cases involving the federal Lifeline fund. Money for the program comes from Universal Service Fund fees added to telephone customer bills.

Authorities said Chew, 53, and Icon conspired with Perez-Zumaeta, 55, to get fraudulent reimbursements from the Lifeline administrator, Universal Service Administrative Co. The scheme involved fake customer lists and recertification forms.

The Lifeline program has exploded in recent years as it expanded from landlines to wireless customers. Reimbursements from the Lifeline fund to phone companies grew from \$800 million in 2008 to \$2.2 billion in 2012. It has been the subject of several state and federal investigations alleging waste, fraud and abuse in the program.

Only one Lifeline service is allowed for each qualifying low-income household. In exchange for providing affordable phone service for low-income customers, telephone companies receive monthly Lifeline reimbursements of \$9.25 per customer. An enhanced version of the program for residents of former tribal lands, such as most of Oklahoma, provides monthly reimbursements of \$34.25 per customer.

According to the federal charges, Icon and Chew contracted with Perez-Zumaeta and his company, PSPS Sales LLC, which received \$7 to \$15 for each new Lifeline customer. Icon paid more than \$1 million in commissions to PSPS Sales from December 2011 to April 2013, prosecutors said.

Perez-Zumaeta, of Cancun, Mexico, directed his employees to go through phone books to find names and addresses for bogus Lifeline customers, and then sold wireless telephones registered to fake customers on the street for \$5 each, prosecutors said. PSPS Sales employees in Mexico forged about 40,000 signatures of customers for recertification forms needed for continued participation in the Lifeline program, according to the indictment.

Prosecutors said Chew and Icon made false statements in applying for reimbursements from the Lifeline administrator. Icon had 2,200 wireless customers in the Lifeline program in September 2011, but that number grew to more than 135,000 customers by November 2012, according to the charges.

From 2011 to 2013, Icon received more than \$58.2 million in Lifeline reimbursements at the monthly tribal lands rate of \$34.25 per customer, prosecutors said.

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June 4, 2014

Feds: Men face allegations in \$25M fraud case

Mark Schlachtenhaufen [The Edmond Sun](#)

EDMOND — A federal grand jury alleges a local man transferred \$20 million for his own use, defrauding a program that helps low-income Americans gain basic phone service.

U.S. Attorney Sanford C. Coats announced Tuesday that Wesley Yui Chew, of Edmond, and Oscar Enrique Perez-Zumaeta, of Cancun, Mexico, have been charged with crimes involving more than \$25 million in alleged fraudulent claims against the federal Lifeline telephone program.

These charges are merely accusations and the defendants are presumed innocent unless and until proven guilty beyond a reasonable doubt.

“Although this program was designed to help low-income Americans have basic access to phone service, these individuals and their companies allegedly exploited the system to line their own pockets,” Coats said via a news release. “All of us must be concerned when programs like this are abused and defrauded.”

Federal Communications Commission Chairman Tom Wheeler said the FCC’s adoption of tough, enforceable rules in 2012 to combat waste, fraud and abuse in Lifeline is paying off.

“Lifeline provides a link to jobs, family and emergency services for Americans who cannot afford phone service,” Wheeler said.

Chew has been charged with money laundering for his alleged transfer of \$20.5 million on April 9, 2013, from an account of his company Icon Telecom to a personal account, according to court records.

Icon Telecom, owned exclusively by Chew, participated in the wireless Lifeline Program from July 2011 until September 2013, according to court records.

It is alleged that in September 2011, Icon Telecom reported fewer than 2,200 wireless customers who qualified for the Lifeline Program, according to court records. By November 2012, that number had grown to 135,364.

It is alleged Icon Telecom always claimed subsidies at the “Tribal Lands” rate of \$34.25 per customer per month, according to court records. Although it had fewer than 10 full-time employees, it is alleged Icon Telecom received \$58.3 million through the Lifeline Program from 2011-13.

It is alleged that to recruit new customers Icon Telecom relied almost exclusively on PSPS Sales LLC, which Perez-Zumaeta owned and operated, according to court records. Icon Telecom paid PSPS Sales \$7-\$15 for each new customer. From December 2011 through April 2013, Icon Telecom paid more than \$1 million to PSPS Sales.

If convicted, Chew faces up to 10 years in prison and a fine of \$250,000 or twice the amount of the criminally derived property involved in the transfer, whichever is greater.

Icon Telecom is charged with making a false statement to USAC. If convicted, Icon Telecom faces up to five years of probation, a fine of up to \$500,000, and

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mandatory restitution.

Perez-Zumaeta has been charged in a 10-count indictment.

The indictment alleges Perez-Zumaeta directed PSPS Sales personnel to use phone books to come up with names and addresses for bogus Lifeline customers and to dispose of telephones registered to fake customers by selling them on the street for about \$5 each.


The indictment alleges Perez-Zumaeta told PSPS Sales personnel to fabricate signatures of fictitious customers on about 40,000 recertification forms and to cover them up by using different pens, different hand-writing styles and different formats for dates.

If convicted, Perez-Zumaeta could be imprisoned for 20 years on individual conspiracy and wire-fraud counts and 10 years on each money-laundering count. He also would face a fine of up to \$250,000 on each count and mandatory restitution.

Furthermore, the indictment seeks forfeiture of all proceeds of the alleged fraud and all property involved in the money-laundering transactions.

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1

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Local News

- [Cattle at record signals higher beef costs for July 4th grillers](#)

Cattle futures extended a rally to a record as Americans are gearing up to pay the most ever for beef served at barbecues over the Fourth of July holiday weekend.

July 3, 2014



- [Company: LibertyFest fireworks will dazzle the eye](#)

Pulling off a fireworks display like the LibertyFest show that will dazzle spectators Friday evening in Edmond takes a bit of effort.

July 3, 2014 2 Photos



- [Church preps float for LibertyFest parade](#)

Entries representing public safety, civic and nonprofit organizations, businesses, bands, clubs, vintage cars and specialty units will be part of Edmond's all volunteer LibertyFest parade.

"A Frontier Country 4th of July" parade will begin at 9 a.m. in downtown Edmond. More than 50,000 spectators decked out in their patriotic best will line the 1.5-mile route.

July 2, 2014 3 Photos



- [Oklahoma economy expanding](#)

Gross receipts to the state treasury continue to reflect the expansion of the Oklahoma economy, said Ken Miller, state treasurer. All major tax categories are healthy for the month and the fiscal year.

The June report reflects gross receipts for a 2014 total of \$11.7 billion for a growth factor of \$469 million or more than four percent compared to fiscal year 2013, Miller said at the state capitol.

"June receipts topped \$1 billion, up by more than \$64 million or 6.6 percent from 2013," Miller said.

Oklahoma's economy has recovered well since 2009 when the National Bureau of Economic Research declared an end to the Great Recession, Miller said.

July 2, 2014 1 Photo



- [Feds indict 3 in alleged Edmond bank robbery](#)

A federal grand jury has indicted three suspects, alleging they robbed an Edmond bank earlier this year, court records show.

In a complaint released Tuesday, grand jurors sitting in Oklahoma City allege that Christina Michelle Hickson, James Tyler Capers and Steven Ray

Archer on March 28 robbed the IBC bank located at 1812 E. 15th St.


Information related to potential penalties and defense counsel was not available.

At about 2:30 p.m. March 28, a white female entered the IBC bank while a black male held the entry door of the bank open, the FBI reported at the time. The white female presented a demand note to the teller, which stated they had multiple guns, the FBI reported.

No weapon was actually observed and the teller complied with the demand. The female subject placed an undisclosed amount of money in a black vinyl portfolio, the FBI reported.

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July 2, 2014 1 Photo

-  [Independence Day provides chance to honor troops](#)

While Edmond residents are going to the LibertyFest Independence Day parade, eating barbecue or watching the fireworks display, Americans will be defending our freedoms around the world.

As of May 31 there were a total of 1,400,852 men and women serving in the U.S. Armed Services — 516,753 in the Army, 323,309 in the Navy, 191,208 in the Marine Corps, 329,120 in the Air Force and 40,462 in the Coast Guard, according to the Department of Defense.

July 2, 2014 1 Photo


- [Cops investigate \\$20,000 embezzlement case](#)

Edmond officers are investigating the reported embezzlement of \$20,000 by the victim's business partner, an incident report stated.

During the morning of June 10, Edmond Police Officer Tim Owen spoke with the victim at the station who said he wanted to report that a business partner had embezzled money from him, Owen's incident report stated.

Owen stated the suspect, whose name was redacted in the report, was first introduced to the victim by a financial advisor in London in 2012. Owen stated the suspect and the victim had several conversations during the ensuing two years, but no business dealings.

July 2, 2014

-  [Feds indict woman in alleged Edmond drug fraud case](#)

A federal grand jury has returned a 56-count indictment alleging a local woman fraudulently obtained prescription painkillers at numerous Edmond and metro pharmacies, court records show.

Grand jurors sitting in Oklahoma City allege that from November 2013 to May 2014 Kelly Lee Moyers, 44, of Edmond, obtained controlled substances by misrepresentation, fraud, forgery, deception and subterfuge, according to a complaint filed July 1 in U.S. District Court for the Western District of Oklahoma.

Released Tuesday, the complaint lists more than 20 aliases for the defendant.


July 2, 2014 1 Photo

- [More than 100 acres rezoned](#)

The Edmond City Council voted 5-0 recently to rezone from general agricultural to a single family district of 104 acres of land. An amendment to the Edmond plan was amended for mixed use business to single family.

Kyle Copeland requested the changes to the property located on the northwest corner of Air Depot and Danforth. The Sleepy Hollow addition is located to the west, and the Cross Timbers Municipal complex is located north of the property, said Bob Schiermeyer, city planner.

July 2, 2014

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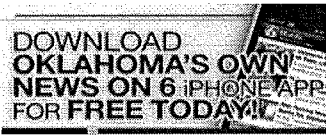
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OK Corporation Commission Alleges Over 40,000 Violations By Icon Telecom

Posted: Aug 14, 2013 7:57 PM PDT
Updated: Aug 14, 2013 7:57 PM PDT

Jennifer Loren, 6 Investigates - bio | email

TULSA, Oklahoma - News On 6 has found evidence in black and white that an Oklahoma-based cell phone company is bilking the government of nearly \$100 million, and the feds haven't stopped writing them checks.

A division of the Oklahoma Corporation Commission filed a complaint against Icon Telecom. It lists more than 40,000 counts of violations and asks that the company be found in contempt and banned from offering Lifeline service in Oklahoma.

If the courts find the details within the document to be true, it could become the biggest fraud case in the history of the Federal Communications Commission's Lifeline program, and it's all been happening right here in Oklahoma.

Last month, we took you to the Oklahoma City headquarters of Icon Telecom, but the owner was "out of town" and no one would answer our questions.

Perhaps this is why: a division of the Oklahoma Corporation Commission just filed a complaint against the company, alleging 40,920 violations in the way the company signed people up for government-subsidized cell phone service.

7/1/2012 Related Story: Oklahoma Company Makes Millions Off Government Cell Phones Despite Red Flags

Icon received a whopping \$36 million in government cell phone subsidies last year and is on track to receive \$45 million this year.

When people sign up, they are supposed to prove they are low income and eligible for the service, and therefore are required to give the company certain information. In the complaint, state regulators say Icon could not provide them with even basic information for their subscribers, including addresses, dates of birth and the last four digits of their Social Security numbers.

Other FCC violations alleged:

- More than 6,700 subscribers with identical last names and Social Security numbers
- An "alarmingly large" number of subscribers--2,605 to be exact, using the birth date January 1, 1990
- It says Icon used 423 P.O. Boxes for subscribers instead of actual addresses
- It lists addresses on Cass Avenue, in Moore, for 180 supposed subscribers, even though there are just 23 homes on the entire street, and many of the addresses used don't even exist.
- Icon's documents revealed more than 28,000 duplicate accounts, where multiple subscribers use one address, something the FCC says it's cracked down on

We contacted the FCC to see why Icon is still operating in Oklahoma and if the company is even on the feds' radar.

"We don't comment generally on our investigations, what we are doing, or who we are working with, but I can tell you that I know the name Icon," an FCC spokesperson said.

According to a program spokesperson, Icon received a check from the feds for \$7.5 million just last month.

We left a message with Icon's attorney, but never heard back Wednesday.

If the company is found in contempt on all of the charges, it could face a maximum penalty of \$20-plus

million in fines, which is still a fraction of the money Icon has received from the feds.

Wednesday, we told this story to Congressman Markwayne Mullin, who has already signed on to a bill that would severely cut the Lifeline program if passed.

"What you're doing by making sure that government is accountable is what everybody should be doing," Mullin said. "And if the people wasn't out there tipping you off, letting you know what's going on, we may not even know about this...because government is so big, no one's really watching it."



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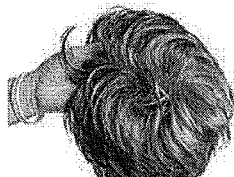
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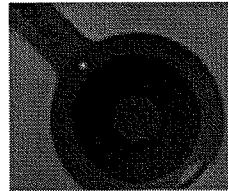
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Budget PrePay has invested millions of dollars in software development, including our own customized, user friendly point-of-sale software (CAMS), which is acknowledged as the "Number One" prepaid software in the industry. Through dedication to customer support, agent relationships and commission structure, Budget PrePay has surpassed competing providers to become one of the top prepaid companies in the United States.



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Tempo has been a leading provider of prepaid services since 1996. What does that mean to you?

It's simple -- you can be assured your customers will receive quality services while you are earning a substantial commission income.

To become a Tempo Dealer Agent, please call 1-800-822-8501 or complete the [Dealer Application here](#). If you are curious, and want more information, please fill out the interest form below:

First Name:

Last Name:

Email:

Phone Number:

Please tell us about your business:

If you are a current dealer, click your icon below. For a complete list of current home phone dealers and locations, [please click here](#).



Buy Tempo

The Daily Economist

Financial news and economic items of interest



Wireless company using Craigslist to hire workers to give out free phones on the taxpayers dime

8:53 AM

cell phone, craigslist, federal government, free phone

1 Comment

In Washington State, a wireless company who is coordinating with the Federal government to give out free cell phones and wireless service to the poor on the taxpayer's dime is now using Craigslist to solicit workers to shovel out the devices.

Free Phones

Are you...

- Low-Income?
- Unemployed?
- On Medicaid?
- On Food Stamps?

The government can help you with a free cell phone.

Click Here

Go to the authority on government cell phones:
www.FreeGovernmentCellPhones.net



We (Touch Wireless) are looking for Agents to help market the lifeline free cell phone program and help them sign up.

This is a federally funded program that provides a free cell phone with 250 free monthly minutes and 250 monthly text to people who are on government assistance.

In this position you will work **OUTDOORS** in Your Community!! You will work with community organizations and Food Banks, Charities, Stores and other agencies to get the word out

- * looking for English , Bi-Lingual Spanish - English and Vietnamese and Chinese
- *Must have Car/ Reliable transportation
- *No Prior Experience Necessary
- *Bi-Lingual and good penmanship a Plus
- *We will train you and make sure you're successful

Washington Qualifications:

1. Temporary Assistance to needy Families (TANF)
2. Supplemental Security Income (SSI)
3. Food Stamps
4. State Family Assistance (SFA)
5. Medical Assistance (including Medicare cost-sharing programs ETC. . .

Compensation: You will be paid \$3.00 Commission for each Approved Application Submitted.

Top Representatives complete 25+ forms a day.

Send in your resume; No resume?? Reply with your **PHONE NUMBER** and **CITY** you live in for a phone interview.

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**** We are looking for 2 people to start immediately Wapato and Sunnyside Come help out and make \$\$ while you are at it**

- Location: Wapato_Sunnyside
- Compensation: \$1200.00 - \$1500.00 Monthly Commission
- This is a part-time job.
- This is a contract job.
- Principals only. Recruiters, please don't contact this job poster.
- Please, no phone calls about this job!
- Please do not contact job poster about other services, products or commercial interests.

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<http://yakima.craigslist.org/csr/3186177101.html>

KMOV: Fraud and abuse within the Lifeline free ...



0:00 / 4:13

Even though some in Congress have been outraged at the waste and growing bureaucracy, the fact of the matter is, once a program is created by Uncle Sam, it rarely goes away, and quite often, becomes a monster of fraud and waste.

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Syeda Saba Zehra says:

April 9, 2013 at 11:42 PM

Fantastic tips as usual and you were right-- I haven't seen a lot of these before anywhere else! Thanks so much! intercom

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 - ▶ December (8)
 - ▶ November (17)
 - ▶ October (19)
 - ▶ September (23)
 - ▼ August (29)
 - Sweet 16: National debt crosses \$16 trillion two m...
 - Hollywood and press ignore Obama's America 2016 de...
 - Forget GMO as investors seek to make future food p...
 - Republicans offer to channel their inner Ron Paul ...
 - States to go after Corzine as Obama administration...
 - Poverty levels no longer relevant as more American...
 - Apple market value now greater than the other top ...
 - Rothschild bets against Euro with his wallet
 - New York City provides a true case of the man stea...
 - Gibbsmedat update: Food stamp user cuts retailer fo...
 - Obama administration gives \$100 million to states ...
 - Biden u can no haz dis cupcake
 - Jon Corzine: Steal a hundred dollars go to prison,...
 - The days of trading in the stock and financial mar...
 - Obama administration program to legalize alien wor...

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- ▶ June (11)
- ▶ May (18)
- ▶ April (17)
- ▶ March (28)
- ▶ February (36)
- ▶ January (60)
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LIFELINE PHONE AGENT

compensation: **6.00 Per Phone**

We are looking for a few agents to help distribute lifeline cell phones in the Salem and surrounding area! We enroll qualifying people with food stamps-Medicaid-ssi and many other qualifying programs. Get paid on each sign up and have unlimited earning potential!

Must have smart phone with internet or tablet with internet. No exceptions- will ask to see it.

Pass a background check!!

Call or text for more info!!

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Posted: a month ago

Lifeline Now Available - Agents Needed (roseburg)

This is a full or part-time position for those looking to work independently in various areas in and around Roseburg, while earning an exceptional income. No experience necessary. Professional training. Your responsibilities include the distribution of NO COST cell phones under the government sponsored, Lifeline program. Eligible recipients must receive some type of federal benefit (ie. Food Stamps, Medicaid, etc.).

compensation: **Up to \$9.00 per qualified enrollment**

contract job

You will be working with the oldest and largest Lifeline provider, SafeLink Wireless, paying the highest commissions and with the most satisfied customers. Brand new phones are mailed to enrolled customers--no customers coming back to you with non-working used phones.

Your compensation plan is "100% performance based" and you are paid weekly, based on how many eligible customers you enroll. There are additional company incentives and rewards opportunities. This is a direct sales or network marketing position. This is an exciting opportunity for those who are self-starters, want to manage their own time, like serving the public, enjoy a relaxed and fun work environment and desire to be paid well for only giving away FREE phones. Those chosen will start immediately.

Your primary method of distribution will be at tent/table events in or around high traffic areas. You will be responsible for selecting your locations. Ideal locations are easy to find and could include: Churches, Food Pantries, Social Service Agencies, Grocery Stores, Fast Food Chains, Housing Developments, High Traffic Parking Lots or on busy Street Corners. Any relationships with community, civic, and/or governmental leadership will be valuable to your success.

We are only looking for people with a professional appearance, strong ethics and a desire to be paid well for smart work. To qualify for an interview, applicants must possess excellent customer service skills, be at least 18 years old, have a valid driver's license, laptop/tablet with wifi or smart phone with 3 or 4G and willing to travel locally with reliable transportation. All applicants offered a position will require a background check. Please send your resume and/or any relevant work experience when applying. Basic computer skills required and telecommunications experience is welcome, but not required.

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Posted: 28 days ago

Motivated Field Agents Needed!! (Greater Portland Area)

This is a full or part-time position for those looking to work independently in various areas in and around Portland, while earning an exceptional income. No experience necessary. Professional training. Your responsibilities include the distribution of NO COST cell phones under the government sponsored, Lifeline program. Eligible recipients must receive some type of federal benefit (ie. Food Stamps, Medicaid, etc.).

compensation: **Up to \$9.00 per qualified enrollment**

[contract job](#)

You will be working with the oldest and largest Lifeline provider, SafeLink Wireless, paying the highest commissions and with the most satisfied customers. Brand new phones are mailed to enrolled customers--no customers coming back to you with non-working used phones.

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posted: 28 days ago

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Now hiring reps to provide a FREE service (Greater Portland Area)

compensation: Per qualified enrollement

We are looking for self-starting field agents to enroll needy households for a Federal telcom benefit

Are you connected to Oregon's low-income social service agencies? Are you motivated by helping the less fortunate in our community? Are you comfortable working with needy people in and around where they live in the greater Portland area?

To build our Portland area staff we are recruiting team members who will go into the community, explain the program and sign up qualifying households for the totally free service. To be successful in this position, our representatives need to be able to find opportunities and good locations to sign up qualified families and individuals who need the service. After signing customers up, you will also enter your completed applications online.

Over 40,000 Portland area households qualify!

This is a job, not an investment opportunity. We provide the tools, marketing materials and territory and you sign up the families. You are required to have access to a computer and Internet, have skills necessary to enter your applications and help resolve problems easing the enrollment process. Agents who generate enough enrollments to reach our minimums within the first 3 weeks become eligible for exciting and profitable bonuses -- this isn't an under the table 'gig.' Here's how we work:

You'll be paid per family enrolled directly into our Web portal. We pay more than double the competitor! You're in charge of your schedule, where you work and you can work as much or as little as you'd like. Interviews starting next week with training immediately following for qualified candidates.

What Makes a Great Field Agent:

- Self motivated: you love people, are service minded & committed to excellence in your craft.
- Portland connected: know your way round your communities social service infrastructure
- Street smart: you think on your feet, and you're quick to react to changing surroundings.
- Caring: recognizing that fellow Oregonian's might need a helping hand.
- Reliable: you do what you say you're going to do.

Requirements

- A reliable mode of transportation or a mastery of mass transit
- Desire to commit at least 20 hours per week
- Computer with Internet Service (to enter applications)
- Digital camera or camera phone

[Click Here To Apply](#)

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Hiring Organization: Lifeline Field Marketing

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Posted: [11 days ago](#)

Field Marketing Agent - Helping the community (Greater Eugene Area)

This is a full or part-time position for those looking to work independently in various areas in and around Eugene, while earning an exceptional income. No experience necessary. Professional training. Your responsibilities include the distribution of NO COST cell phones under the government sponsored, Lifeline program. Eligible recipients must receive some type of federal benefit (ie. Food Stamps, Medicaid, etc.).

compensation: **Up to \$9.00 per qualified enrollment**

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You will be working with the oldest and largest Lifeline provider, SafeLink Wireless, paying the highest commissions and with the most satisfied customers. Brand new phones are mailed to enrolled customers--no customers coming back to you with non-working used phones.

Your compensation plan is "100% performance based" and you are paid bi-weekly, based on how many eligible customers you enroll. There are additional company incentives and rewards opportunities. This is a direct sales or network marketing position. This is an exciting opportunity for those who are self-starters, want to manage their own time, like serving the public, enjoy a relaxed and fun work environment and desire to be paid well for only giving away FREE phones. Those chosen will start immediately.

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Need Higher Income Motivated Field Agents! (Greater Eugene Area)

This is a full or part-time position for those looking to work independently in various areas in and around Eugene, while earning an exceptional income. No experience necessary. Professional training. Your responsibilities include the distribution of NO COST cell phones under the government sponsored, Lifeline program. Eligible recipients must receive some type of federal benefit (ie. Food Stamps, Medicaid, etc.).

compensation: **Up to \$9.00 per qualified enrollment**

[contract job](#)

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Posted: [a month ago](#)

Are You Motivated?? Field Sales Agent (Greater Salem Area)

This is a full or part-time position for those looking to work independently in various areas in and around Salem, while earning an exceptional income. No experience necessary. Professional training. Your responsibilities include the distribution of NO COST cell phones under the government sponsored, Lifeline program. Eligible recipients must receive some type of federal benefit (ie. Food Stamps, Medicaid, etc.).

compensation: **Up to \$9.00 per qualified enrollment**

[contract job](#)

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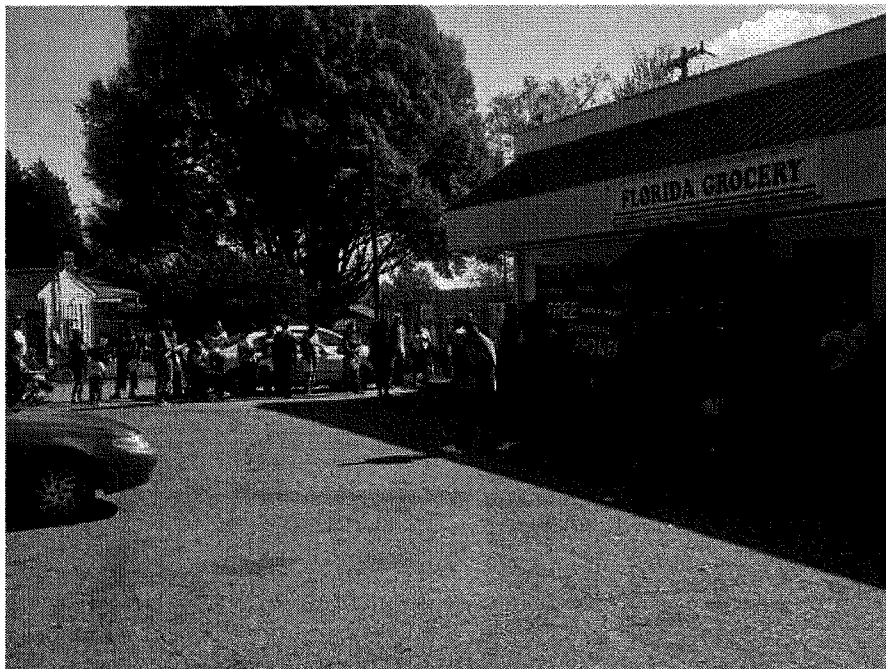
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Posted: 23 days ago

Lifeline Outreach Agent (Greensboro)



compensation: **Compensation is paid per phone handed out to qualified individual. There is no limit. Pay periods are generally the 8th and 23rd of every month.**

Access Wireless -- Lifeline Program is a public assistance program administrated by the State of NC to help lower income individuals have access to a discounted phone plan or free wireless minutes.

We are looking for individuals that possess the following traits;

- Are you Personable?
- Are you on Time?
- Are you Enthusiastic?
- Are you Helpful?
- Can you type?
- Are you organized?
- Do you like helping other people?

If you can answer "YES" to the above questions, we have a great job for you.

Come work for a company that cares about you being successful.

We want you to be all you can strive to be and make all the income you want.

Requirements:

- Dependable transportation
- Willing to travel to low income neighborhoods.
- Simple computer skills
- Ability to pass a criminal background check (cost \$30).
- Display a 100% Positive attitude while on the job
- Ability to communicate effectively
- Great people skills
- Cellphone

This is an effort based pay as you produce position that is compensated as a 1099 independent contractor. Additional information is available at FREEPHONENC.COM. This program is managed by ALLEET LLC and due to the nature of the benefits offered through these programs, the Federal Communications Commission (FCC) or ACCESS WIRELESS may preform audits at any time for the work submitted.

START IMMEDIATELY!!!!!!!!!!!!!!!!!!!!!!

location:Charlotte, Raleigh, Durham, Fayetteville, Rocky Mount, Greenville, New Bern, Wilmington, NC

TO APPLY VISIT:

<https://alleet.hiringthing.com/job/16691/hiring-again-community-outreach-access->

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post id: 4441638724

posted: 23 days ago

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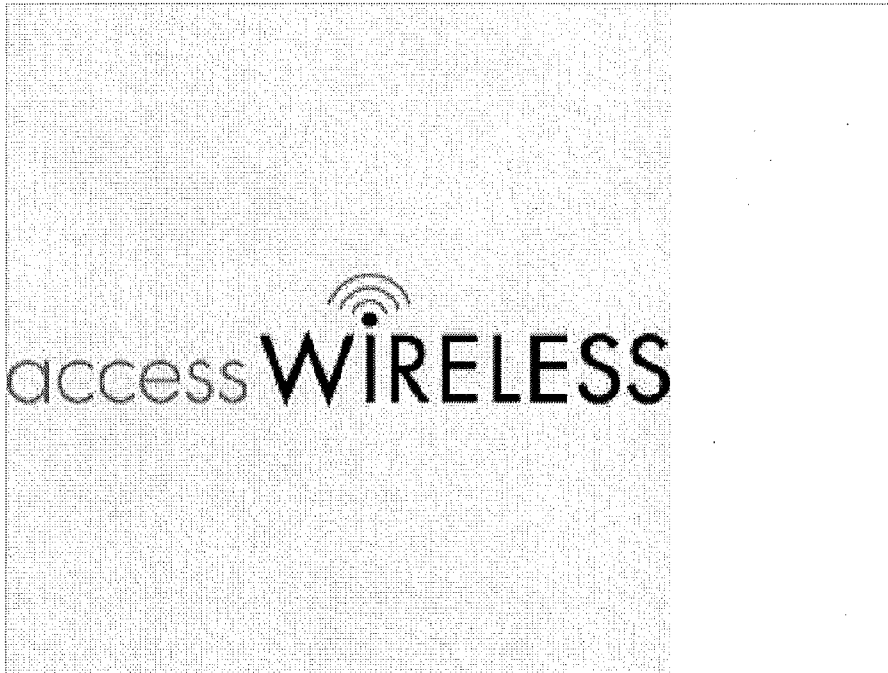
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Posted: 11 days ago

LIFELINE AGENTS NEEDED MAKE UPTO \$40/ HR



([google map](#)) ([yahoo map](#))

compensation: **UPTO \$40/ HR**

Wise Wireless is a distributor for Access Wireless in the state of Wisconsin. We are looking for motivated, confident and professional individuals to set up in and around the community to provide lifeline phone services to those who qualify. Following is an overview of our program:

- Lifeline is a government subsidized program which allows us to give away free cell phones and minutes to people who qualify.
- We provide you with all the training and resources you need to setup distribution. The best models I have seen are outside tent teams, events inside retail stores, and door to door.
- We provide you the phones to give out on the spot, no cost to you.
- All you do is run the application and once approved activate the phone and give it to the customer.
- Average transaction takes 6 minutes.
- You get a commission for every phone given away based on a tiered system
- Average rep does 200 phones a week working about 35 -- 40 hours.

We have two types of opportunities available.

- 1) Reps, People who will directly be dealing with the customers and earning a commission on each transaction.
- 2) Manager, People who have existing teams of reps that they can bring in and manage. You earn a commission on the entire team as well as each transaction.

Limited positions are available as we try to give some exclusivity to teams. Please respond with your resume or call ([show contact info](#)).

MUST HAVE TRANSPORTATION.

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Posted: 2 months ago

Lifeline Ambassador - Help the Impoverished Population of Arizona! (Phoenix)

Become a BRAND AMBASSADOR as a LIFELINE CELL PHONE AGENT. Help the impoverished population of Arizona and GET PAID to do it!

Apply Online ----- <http://www.fullcycledistributors.com/apply.html>

COMPANY DESCRIPTION:

Headquartered in Dallas, TX, Full Cycle Distributors is the premier distribution hub of traditional and prepaid products. We distribute everything from Lifeline, to Post Paid and Prepaid Electricity, Prepaid Home Phone and Wireless and Prescription Discount Card Services. Everything a customer is looking for, all in one place. Let's get started!

CAMPAIGN DESCRIPTION:

Full Cycle Distributors, has partnered with Total Call Mobile to provide services under the Lifeline Program. Carrying out a policy in existence since 1985, the Lifeline Program is designed to ensure that quality telecommunications services are available to eligible consumers at just, reasonable, and affordable rates.



([google map](#)) ([yahoo map](#))

Under Total Call Mobile's Lifeline Program, qualifying individuals will receive a FREE cell phone from Total Call Mobile and 250 FREE monthly minutes from the Federal Government. The Lifeline program is available to eligible low-income consumers in every state, territory, commonwealth, and on Tribal lands. Consumers with proper proof of eligibility may be qualified to enroll. To participate in the program, consumers must have an income that is at or below 135% of the federal Poverty Guidelines or participate in a qualifying state, federal or Tribal assistance program.

compensation: **Monthly Payout Based on Enrollment Count and Agent Tier**

Qualifying programs in Arizona are Food Stamps (SNAP), Medicaid, LIHEAP, FPHA (Section 8) and others. Over 56 Million Americans Qualify for FREE Lifeline Service!

POSITION DESCRIPTION:

Full Cycle Distributors is currently recruiting Field Agents, Store Owners and Master Agents in Arizona. You, the **LIFELINE AGENT**, are needed to help, a minimum of 100 people weekly, and will be expected to set-up in or around high traffic areas, low income housing areas, government buildings, community centers, food pantries, and meet with community leaders, activists, etc. This a 1099 independent contractor position.

COMPENSATION:

Full Cycle Distributors has some of the most competitive commissions rates in the industry! Agents are paid for each activated handset on a monthly basis. All commissions are tracked (in real-time) through our Agent Central Application, providing you insight into earning trends to accelerate your business.

REQUIREMENTS:

- MUST have a location to setup a Tent/Table OR actively search for setup areas in high foot-traffic locations near you.
- MUST have a laptop or tablet with mobile internet.
- MUST have reliable transportation.
- MUST be able to work 3-6 days a week, ideally 4-8 hours a day.
- MUST be able to work early evening/weekends, which is when you will encounter the highest foot-traffic.
- MUST be comfortable working and speaking with people in lower income neighborhoods.
- MUST be at least 18 years of age.
- MUST be dedicated, self-motivated, resourceful and dependable.
- MUST enjoy working outside.

CONTACT US:

Full Cycle Distributors
9330 Lyndon B Johnson Freeway
Suite 900
Dallas, TX 75243

- do NOT contact me with unsolicited services or offers

post id: 4404829029 posted: 2 months ago updated: 23 days ago

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Posted: 2 days ago

New Lifeline Provider Seeking "True" Master Agents/ISOs (Missouri and 25 Other States)

New Lifeline Provider is currently seeking to hire experienced "True" Master Agents/Independent Sales Organizations in the following states: Arizona, Colorado, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Missouri, Nevada, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Texas, Utah, Vermont, Washington, West Virginia, and Wisconsin

[compensation: Bi-Weekly Commission](#)

[contract job](#)

True Master Agent or ISO is defined as having a minimum of 30+ sub-agents within one or more states. The commission structure is as follows:

Master Agent or ISO \$13.00/approved order bi-weekly commission. We do have a minimum commission requirement for all sub-agents/field agents under you of \$10.00/approved order

As a Master Agent/ISO working with us, you will be required to meet subscriber quotas, maintain a sufficient number of sub-agents to meet those quotas. Our company will provide all marketing material such as, shirts, badges, background checks, training certification, and re-certification. As a Master Agent/ISO you will also be required to sign an exclusive agreement with our company for each state you decide to work in.

We are expecting to launch mid-end July in all states. If you are interested in becoming one of our exclusive Master Agents/ISOs, please reply with your resume and/or company profile. All information will be verified.

- Principals only. Recruiters, please don't contact this job poster.
- do NOT contact us with unsolicited services or offers

postid: 4474571523

posted: 2 days ago

updated: 2 days ago

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Posted: 20 days ago

\$1500-\$3000+/Mo as Lifeline Phone Agent - Help the Impoverished of TX! (Texas)

Become a **Brand Ambassador** as a **Total Call Lifeline Agent**. Help the impoverished population of Texas and **Get Paid** to do it!

Apply Online @ www.totalcallagents.com

POSITION DESCRIPTION:

Full Cycle Distributors is currently hiring Field Agents, Store Owners and Agent Managers in **Texas** to bring needed telecommunication services to the impoverished population of Abilene! You will be expected to set-up in or around high traffic areas, low income housing areas, government buildings, community centers, food pantries, and meet with community leaders, activists and others. We provide you with all the training and materials you need to make a difference in your community and new Agents are brought on board within 5 to 10 days! Get started today!

COMPENSATION:

Full Cycle Distributors has some of the most competitive commissions rates in the industry! Agents are paid for each activated handset on a monthly basis. All commissions are tracked (in real-time) through our Agent Central Application, providing you with insight into earning trends and hot spots of activity.

Field Agents make \$4.00 - \$5.00 per activated handset and Agent Managers can make as much as \$8.00 per activated handset based on productivity. Taxes are the responsibility of the Agent as these positions are 1099 Independent Contractors.

YOU WILL BE REQUIRED TO PROVIDE:

- A Laptop or Approved Tablet Device for Processing Enrollments.
- Mobile Internet Access for Your Device.
- A Table and/or Tent to Attract Attention.
- Ability to Locate Areas to Provide Services.
- An Enthusiastic Attitude!

FULL CYCLE DISTRIBUTORS WILL PROVIDE:

- Total Call Clothing (T-Shirts, ID Badges, etc.).
- Hanging and Table Banners.
- Lawn Signs.
- Posters.
- Training.
- Guidance to Success!

CAMPAIGN DESCRIPTION:

Full Cycle Distributors, has partnered with Total Call Mobile for a major National Campaign to provide Low Income Americans needed services under the Lifeline Program. Carrying out a policy in existence since 1985, the Lifeline Program is designed to ensure that quality telecommunications services are available to eligible consumers at just, reasonable, and affordable rates

Under Total Call Mobile's Lifeline Program, qualifying individuals will receive a **FREE** cell phone from Total Call Mobile and 250 **FREE** monthly minutes from the Federal Government. The Lifeline program is available to eligible low-income consumers in every state, territory, commonwealth, and on Tribal lands. Consumers qualify for the Lifeline Program if they receive benefits like Food Stamps (SNAP), Medicaid, LIHEAP, FPHA (Section 8 Housing) and others. Over 56 Million Americans Qualify for FREE Lifeline Service!

CONTACT US:

Full Cycle Distributors
9330 Lyndon B Johnson Freeway
Suite 900
Dallas, TX 75243
www.fullcycledistributors.com

[show contact info](#)

- Principals only. Recruiters, please don't contact this job poster.
- do NOT contact us with unsolicited services or offers



[\(google map\)](#) [\(yahoo map\)](#)

compensation: **Monthly Payout via Direct Deposit on the 17th of Each Month**

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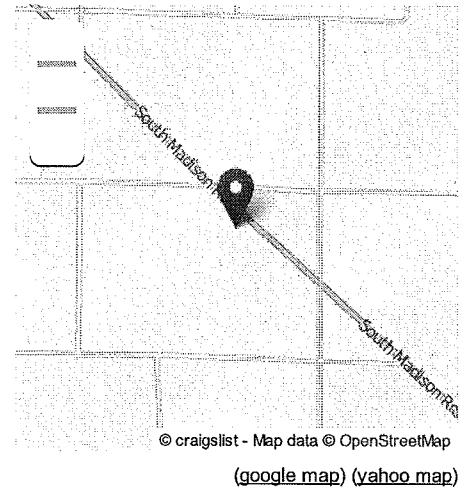
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Posted: 19 days ago

EARN GREAT PAY AS A LIFELINE AGENT

compensation: \$5 / successful activation

PLEASE SERIOUS INQUIRES ONLY!!!

DESCRIPTION:

Wise Wireless is in search of professional, confident, and goal-driven sales agents to distribute free lifeline phone services within your community. This is a federal program sponsored by the Universal Service Fund, under the direction of the FCC (<http://www.fcc.gov>), providing a free cell phone to qualified applicants. Agents are responsible for providing each applicant with all necessary product information and assisting qualified applicants with the application process. You will be expected to identify and set-up in or around community organizations, public service buildings, low income housing areas, government buildings, community centers, homeless shelters, and grocery stores.

ENROLLMENT PROCESS:

Agents will perform face-to-face applicant qualification screening on location, through our online agent web app. Agents will assist the applicant by entering information into the web app and taking a picture of the Applicants Photo ID and Program Documentation (Federal Housing, Medicaid Card, Foos Stamp Card etc.). Once the images are captured and the form completed, agent then activates applicants phone for use.

RESPONSIBILITIES:

- Maintain compliance with federal government regulations and initiatives.
- Provide excellent customer service.
- Maintain professional appearance and demeanor.
- Procure new and creative locations.
- Consistently maintain all sales goals and quotas.
- Accurately input customer data for application approval.

REQUIREMENTS:

- Minimum age of 18 years old.
- Able to work a flexible schedule.
- Able to work independently.
- Access to reliable transportation.
- Must be tablet, computer and/or smart phone proficient.
- Community outreach and grassroots experience preferred.

COMPENSATION:

Commission paid weekly, based on generated approved applications, allowing agents an unlimited earning potential.

- OK for recruiters to contact this job poster.
- do NOT contact us with unsolicited services or offers

post id: 4447488521

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Posted: 9 hours ago

Lifeline Agents Wanted!!!! (Cleveland/Akron/Canton)

**We have too many customers and not enough agents! We need your help. **

compensation: **\$750 per week on average**

The Lifeline program gives FREE phones to qualified consumers so they will always be able to connect to jobs, family and emergency services.

Join us in our fun and fast paced work environment. We are currently seeking customer service agents who are ready to market the Lifeline Program. We give away thousands of free phones each week in major metropolitan areas.

- Get paid to GIVE AWAY FREE phones!!!!
- Team Leader and Management positions available.
- Entry level agents earn \$750 per week on average.
- Managers earn \$1,200 per week on average
- Earn travel opportunities, bonuses and many other benefits.
- No experience necessary -- Free training provided

Positions are going fast (12 slots left), call today!! Must be 18 years of age or older

This is NOT:

- Door to door
- Multi-level marketing
- Telemarketing

Call us at 888-444-1115 x 1300 to schedule your interview.

- Principals only. Recruiters, please don't contact this job poster.
- do NOT contact us with unsolicited services or offers

post id: 4477433962


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Posted: 30 days ago

Lifeline agents (all islands)

Looking for motivated individuals for field agent positions to give away Lifeline "Obama Phones." Agents make \$5 per handset activated for low income consumers. Agents will be trained and given marketing materials (shirts, banners, posters and flyers) but must provide their own laptop or approved tablet, mobile internet, tent and table. Agents will also receive assistance with setting up and coordinating events at various locations including stores and shopping centers that may not otherwise be accessible to the general public.

compensation: \$5 per activated phone given to low-income consumers

[part-time](#)

[non-profit organization](#)

[telecommuting okay](#)


Please contact Todd at [show contact info](#).

- Principals only. Recruiters, please don't contact this job poster.
- do NOT contact us with unsolicited services or offers
- OK to highlight this job opening for persons with disabilities

post id: 4431363088

posted: 30 days ago

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Safelink[®] WIRELESS

Lifeline Program
Safelink Wireless
provided by Tracfone



250
Free Minutes
Every Month!
For Local & National
Long Distance Calls,
Texting and More!
NO
Contracts
Credit Checks
Fees

Thank you for Applying for Lifeline

- Your application will be processed and sent to the Oregon Public Utility Commission to verify your eligibility for Lifeline.
- The application process takes up to 10 days.
- For information on the status of your application call 1-800-723-3546 with your enrollment number

Street Team Agent Name/Title: _____

Your Enrollment #: _____

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Commission,) Application No. NUSF-89/
on its own motion, seeking to) C-4621
conduct an inquiry into the)
operations of Telrite)
Communications d/b/a Life)
Wireless, an Eligible)
Telecommunications Provider for) ORDER REVOKING ELIGIBLE
the limited purpose of) TELECOMMUNICATIONS CARRIER
participating in the Lifeline) DESIGNATION
program within the state of)
Nebraska, for violations of)
Commission Rules and Regulations)
regarding Lifeline in Nebraska.) Entered: September 17, 2013

BY THE COMMISSION:

APPEARANCES:

For the Respondent:

Russell A. Westerhold
Fraser Stryker
500 Energy Plaza
409 South 17th Street
Omaha, NE 68102

and

John Heitmann
Kelley Drye & Warren
Washington Harbour, Suite 400
3050 K Street, NW
Washington, D.C. 20007

For the Commission:

Nichole A. Mulcahy
1200 N Street
Suite 300
Lincoln, NE 68508

Background

On July 30, 2013, the Nebraska Public Service Commission ("Commission"), entered an Order to Show Cause, ordering Telrite Corporation d/b/a Life Wireless, ("Telrite" or "Company") an

Application No. C-4621/NUSF-89

PAGE 2

Eligible Telecommunications Carrier ("ETC") in Nebraska participating in the Nebraska Telephone Assistance Program ("NTAP"), the name given to the low-income assistance program in Nebraska, to make a showing as to why the Commission should not revoke its ETC designation in Nebraska for violation of Commission rules, regulations, and orders, and setting a hearing.

A copy of the Show Cause Order was mailed to the Company via certified mail. On August 19, 2013, Telrite filed an Answer to the Commission's Order to Show Cause.

Hearing on this matter was held August 27, 2013, in the Commission Hearing Room ("Show Cause Hearing").

E V I D E N C E

On May 7, 2013, Telrite had a hearing before the Commission on its ETC application, seeking ETC designation for the limited purposes of participation in the low income programs of the Federal Universal Service Fund, Lifeline, and NTAP ("ETC Hearing"). At the ETC Hearing, Brian Lisle, President of Life Wireless, committed Life Wireless to comply with all Nebraska-specific requirements for limited ETCs, including using the approved NTAP enrollment form and having the Commission determine a participants eligibility. At the ETC Hearing, Mr. Lisle further committed Life Wireless to work with the NTAP Department concerning the NTAP database and start-up procedures for operating in Nebraska. He stated, "Of course I know we talked about the NTAP database and we'll have to look at that piece of it."¹

Mr. Lisle testified he understood the Commission made all final determinations regarding eligibility of NTAP applicants. During cross examination at the ETC Hearing, the following exchange took place with Mr. Lisle,

Q. And you understand that [its] the commission, that a company [cannot] give eligibility determination for itself, that only the commission [with] the assistance of the HHS, et cetera, determines eligibility?

¹ Application No. C-4571/NUSF-88, Hearing Transcript, 16:23 - 17:1. (Hereinafter "TR page number:line number").

A. Right, you have the ultimate say if we're good or not.²

Mr. Lisle further committed Telrite to ensure that eligibility determination information was clear to potential Telrite customers, specifically that the Company will not determine eligibility. Mr. Lisle stated the following during cross examination regarding eligibility determination by NTAP,

Q. That it be made very clear to [the applicants], however, that you are not the one making the final determination, there would be no promises made?

A. Sure.³

Mr. Lisle also testified regarding personnel training. He stated that Telrite operates in other states and that they were experienced with dealing with different requirements in different states.⁴ He specifically committed to state specific training for Telrite personnel, stating, "So yes, there will be training specific to that individual state rules."⁵

Based on Mr. Lisle's sworn testimony, the Commission entered an order on May 29, 2013, designating Telrite as an ETC for the limited purpose of receiving federal and state universal service support for participating in the Lifeline program, and NTAP on a wireless basis.⁶

On July 12, 2013, the Commission began receiving customer complaints and inquiries connected to a Telrite event in Nebraska. Specifically, the complaints and inquiries focused on an event held by the Company in a temporary tent structure in Omaha, Nebraska, on July 12, 2013.⁷ A disturbance arose at the event while large numbers of people waited in line in over ninety (90) degree heat with no shelter or water. Police were

² Application No. C-4571/NUSF-88, TR 22:1-7.

³ Application No. C-4571/NUSF-88, TR 22:13-16.

⁴ Application No. C-4571/NUSF-88, TR 22:21-23:9.

⁵ Application No. C-4571/NUSF-88, TR 23:3-4.

⁶ See Application No. C-4571/NUSF-88, *In the Matter of the Application of Telrite Corporation d/b/a Life Wireless seeking designation as an Eligible Telecommunications Carrier in the State of Nebraska for the limited purpose of participating in the Lifeline program.* Granted. (May 29, 2013).

⁷ Docket No. C-4621/NUSF-89, Affidavit of Jackie Synhorst, Hearing Exhibit No. 4, and Affidavit of Kandi Bremer, Hearing Exhibit No. 5.

Application No. C-4621/NUSF-89

PAGE 4

called to deal with the disturbance and the event was covered by a local news station.⁸

Prior to the event, the Commission had received no contact from Telrite concerning commencement of operations in Nebraska, nor any inquiries from the Company regarding the operation of the NTAP database. Also, investigation by Commission Staff of Telrite's website revealed the Company was using an application form that was not the Commission approved NTAP application form.

Commission staff contacted Mr. Lisle on July 15, 2013 regarding the Omaha tent event and the incorrect information included on the Company's website. At that time, Telrite voluntarily ceased operations in Nebraska pending the outcome of the Commission investigation into its Nebraska operations.⁹

In a letter sent by Telrite President Brian Lisle to Commission Chair Anne Boyle on July 19, 2013, Mr. Lisle admitted Telrite made, "errors in opening up its Lifeline program in Nebraska."¹⁰ Mr. Lisle further explained that the errors made by the Company in Nebraska included, "failure to completely implement state-specific customization of Telrite's FCC-default standard forms and operating procedures."¹¹ Mr. Lisle's letter also attached copies of the flyer distributed at the Omaha tent event.¹²

In response to the events surrounding the Omaha Telrite event, the Commission opened the above-captioned proceeding and entered an Order to Show Cause against Telrite for its violations of Commission rules, regulations and orders.

Mr. Lisle testified at the Show Cause Hearing on behalf of the Company. In both the Answer filed by Telrite¹³, and Mr. Lisle's testimony at the Show Cause Hearing, Telrite admits it violated Commission rules, regulations and orders. Mr. Lisle stated at the hearing, "Life Wireless deeply regrets and

⁸ Docket No. C-4621/NUSF-89, News Article, *Channel Six News*, "Free Phones Draw Crowd, Including Police" (WOWT July 12, 2013) (TV broad.) (available at <http://www.wowt.com/news/headlines/Free-Phones-Draws--A-Crowd-215277581.html>), Hearing Exhibit No. 3.

⁹ Docket No. C-4621/NUSF-89, July 19, 2013 Letter from Brian Lisle to Commission Chair Anne Boyle, Hearing Exhibit No. 7, p. 2.

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.* at p. 5.

¹³ Docket No. C-4621/NUSF-89, Telrite Answer, Hearing Exhibit No. 2, p. 1.

apologizes for the errors made during the July launch of our Lifeline program in Nebraska."¹⁴

Mr. Lisle further testified that Telrite began as a long distance company in 2000. With the widespread adoption of wireless service, the Company decided to get into the wireless ETC business. According to Mr. Lisle, Telrite received its first ETC designation on a wireless basis to participate in Lifeline in Arkansas in 2010. Mr. Lisle went on to state that Telrite is currently designated as a Lifeline ETC in twenty-five (25) states, and currently serves approximately 750,000 Lifeline customers, making Telrite one of the largest ETCs in the Lifeline program.¹⁵

O P I N I O N A N D F I N D I N G S

Pursuant to the Nebraska Telecommunications Universal Service Fund Act¹⁶ ("NUSF Act"), the Commission has the authority to "subject eligible telecommunications companies to service quality, customer service, and billing regulations."¹⁷ Further the NUSF Act provides the Commission "shall have authority and power to issue orders carrying out its responsibilities and to review the compliance of any eligible telecommunications company receiving support for continued compliance with any such orders or regulations adopted pursuant to the act."¹⁸

The Commission has promulgated rules and regulations containing application and participation requirements for any carrier designated as an ETC and participating in NTAP.¹⁹ Further, the Commission has issued orders specifically addressing requirements for those carriers participating in NTAP.²⁰

There is no dispute Telrite violated Commission rules, regulations and orders when it initiated service at its first event after receiving ETC designation on May 29, 2013. Telrite admits it made errors and failed to comply with Nebraska

¹⁴Docket No. C-4621/NUSF-89, TR 13:17-19.

¹⁵Docket No. C-4621/NUSF-89, TR 14:7 - 15:12.

¹⁶ See Neb. Rev. Stat. § 86-316 et seq. (Reissue of 2008).

¹⁷ See Neb. Rev. Stat. § 86-324(2)(a) (Reissue of 2008).

¹⁸ See Neb. Rev. Stat. § 86-324(2)(b) (Reissue of 2008).

¹⁹ See 291 NAC 5 § 009 and 291 NAC 10 § 006.

²⁰ See Application No. NUSF-2, *In the Matter of the Commission, on its own motion, seeking to establish guidelines for administration of the Nebraska Lifeline Program.*

Application No. C-4621/NUSF-89

PAGE 6

specific requirements at its Omaha event in early July.²¹ Telrite further admits the personnel that conducted the Omaha event on behalf of Telrite were not appropriately trained in NTAP requirements and were ill prepared to initiate Lifeline service in Nebraska.²²

The Commission clearly has discretion to determine the appropriate penalty for Telrite's non-compliance and failures in Nebraska. The Company urges us to give it a second chance and allow it to continue to participate in NTAP, citing the public interest and the low penetration rate of those individuals currently on the NTAP program and those that are eligible.²³ Ultimately, what penalty we impose rests upon our confidence in Telrite's assurances and commitments to comply with our NTAP requirements on a prospective basis. Regarding that confidence, we have three main areas of concern with Telrite that form the basis of our decision here today.

Similar Assurances of Compliance

Just weeks after Mr. Lisle testified before the Commission at Telrite's ETC Hearing, that he understood the Nebraska specific NTAP requirements and committed his Company to comply with all those requirements, Telrite violated many of those commitments and failed to comply with its promises.

We are troubled by the similarity of the testimony Mr. Lisle offered in May at the ETC Hearing and in August at the Show Cause Hearing. In both, Mr. Lisle gave assurances regarding the Company's commitment to compliance and its willingness to work with the Commission. Mr. Lisle specifically assured this Commission when questioned at the ETC Hearing about the Nebraska specific requirements, stating he has, "a full compliance department that takes care of all of [that]."²⁴

However, at the Show Cause Hearing, Mr. Lisle attempted to explain why his compliance department had failed to ensure compliance with the Nebraska specific requirements stating the following,

²¹Docket No. C-4621/NUSF-89, Telrite Answer, Hearing Exhibit No. 2; July 19, 2013 Letter from Brian Lisle to Commission Chair Anne Boyle, Hearing Exhibit No. 7; and TR 6:10-12.

²²Docket No. C-4621/NUSF-89, TR 59:17 - 60:11.

²³Docket No. C-4621/NUSF-89, TR 6:24 - 7:13.

²⁴Application No. C-4571/NUSF-88, TR 23:16-17.

After the [ETC] hearing, kind of a typical scenario of what I would do is I will send e-mails to different departments within the company. (...) I shot the information over to the compliance department specifically about NTAP process because that is a twist on the normal roll[-out] (...) So, we wanted to get the information exchange going between NTAP, the personnel in Telrite or Life Wireless personnel. Unfortunately, that did not happen. Myself, I am moving on to other events, and it just resulted in error. There was lack of follow-ups on communications there.²⁵

It seems from the events that Mr. Lisle's confidence in his compliance department may have been misplaced. While we understand errors and miscommunications can occur, we are concerned as we were assured that Telrite had operations and individuals in place to both ensure compliance with state specific requirements and to train its employees and contractors regarding Nebraska requirements. Yet, both the compliance department and the management team failed to follow through. Additionally, we are disturbed that Mr. Lisle relied on one e-mail message to his compliance department, but no follow-up was ever attempted.

When the initiation of Telrite service occurred in Omaha approximately six weeks later, none of the promised training or compliance work had been done. Regarding training, Mr. Lisle testified at the Show Cause Hearing, "So, you have service state specific training that takes place on the reps. Reps cannot get into a state unless they are credentialed into the state. It just further simplifies or identifies that we were just going [down] the line and we just missed everything."²⁶

We have heard the promises of compliance before. The result was the Omaha tent event. Now the Company assures us they will comply with our requirements in the future. We are not convinced.

Telrite's Experience

Next, Telrite is an experienced ETC operator, and in its own words, "one of the largest Lifeline ETCs in the country."²⁷

²⁵ Docket No. C-4621/NUSF-89, TR 16:9 - 17:6.

²⁶ Docket No. C-4621/NUSF-89, TR 60:2-7.

²⁷ Docket No. C-4621/NUSF-89, Telrite Answer, Hearing Exhibit No. 2, p. 6.

Application No. C-4621/NUSF-89

PAGE 8

Telrite stated that it operated in numerous states that have state specific requirements for Lifeline. Mr. Lisle stated at the ETC Hearing, "[W]e've rolled out to many states, I mean, we're not new into this program. (...) [N]ot all but many states have some specific variance that they like us to use and that they like to enforce."²⁸

We would be more understanding regarding errors and failures by a company that was just getting into the ETC arena. However, Telrite by its own testimony is an experienced and knowledgeable participant in the Lifeline program.

Further, at the Show Cause Hearing, Mr. Lisle testified to the twenty-five (25) states in which they operate, and the 750,000 Lifeline customers they serve nationwide.²⁹ The Company highlighted and relied on its experience in the Lifeline program at both the ETC Hearing and the Show Cause Hearing to assure the Commission of the Company's ability and willingness to comply with all operating requirements as a Nebraska ETC.

In addition to its experience, Telrite is involved on the national level with issues confronting Lifeline as a member of the Lifeline Reform 2.0 Coalition, a national group making proposals regarding combating fraud and abuse of the Lifeline program to the FCC.³⁰ In light of the heightened scrutiny on the Lifeline program nationally in the past year, Telrite's failures to honor its commitments to the Commission are even more disturbing to us.

Additionally, we are not swayed by Mr. Lisle's testimony that the Company was expanding into different states at a rapid pace, going from ETC designation in ten (10) states to twenty-five (25) in a short timeframe.³¹ The pace at which Telrite applied for ETC designation in different jurisdictions was completely within the discretion of the Company. If the Company was unable to keep pace with the rigors of compliance in so many different states so rapidly, it was within the Company's control to slow the pace of its expansion. It appears that by moving too quickly, Telrite allowed important details to be overlooked.

Lack of Oversight

²⁸ Application No. C-4571/NUSF-88, TR 22:23 - 23:3.

²⁹ Docket No. C-4621/NUSF-89, TR 14:7 - 15:12 and Application No. C-4571/NUSF-88, TR 22:23 - 23:3.

³⁰ Id. at 7.

³¹ Docket No. C-4621/NUSF-89, TR 17:15-22.

Finally, there seems to be a significant lack of oversight by the management at Telrite. Mr. Lisle came before us specifically to discuss the July Omaha event but was unable to address specific questions about the event. Mr. Lisle couldn't address issues such as, the parties in charge of the event, the manner and type of advertising done in Omaha prior to the event, and how the site of the tent was determined. We understand, based on Mr. Lisle's testimony, that Telrite is a large organization and Mr. Lisle has numerous individuals working for him. However, he was asked to come to Nebraska to give answers specifically regarding one event in Omaha and he was unable to answer many of our questions, even with nearly three weeks to ask his staff for an explanation and make a determination as to the identity of the responsible local contacts.

After careful consideration, we are unconvinced we can rely on Telrite's assurances and commitments to operate as a fully compliant Lifeline ETC in Nebraska in the future. Therefore, due to the violations of Commission rules, regulations, and orders regarding NTAP by Telrite, we find that Telrite Corporation d/b/a Life Wireless' Eligible Telecommunications Carrier designation in Nebraska should be revoked. Further, Telrite shall cease and desist providing service as a Lifeline provider in the State of Nebraska within forty-five (45) days from the date of this order. Furthermore, Telrite shall give notice of the discontinuance of Lifeline service by Telrite to their Nebraska customers a minimum of thirty (30) days before termination of the service. The customer notice shall include contact information for the Commission, including the Commission's website and toll-free number.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Telrite Corporation d/b/a Life Wireless' Eligible Telecommunications Carrier designation in Nebraska for the limited purpose of participating in the Lifeline and Nebraska Telephone Assistance Program should be revoked.

IT IS FURTHER ORDERED that Telrite Communications d/b/a Life Wireless shall cease and desist providing service as a Lifeline provider in the State of Nebraska within forty-five (45) days from the date of this order.

IT IS FURTHER ORDERED that Telrite Communications d/b/a Life Wireless shall give notice of the discontinuance of

Application No. C-4621/NUSF-89

PAGE 10

Lifeline service by Telrite Communications d/b/a Life Wireless to their Nebraska customers a minimum of thirty (30) days before termination of the Lifeline service, such notice shall include contact information for the Commission, including the Commission's website and toll-free number.

MADE AND ENTERED at Lincoln, Nebraska, this 17th day of September, 2013.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chair

ATTEST:

Executive Director

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

Application No. C-4621/NUSF-89

PAGE 10

Lifeline service by Telrite Communications d/b/a Life Wireless to their Nebraska customers a minimum of thirty (30) days before termination of the Lifeline service, such notice shall include contact information for the Commission, including the Commission's website and toll-free number.

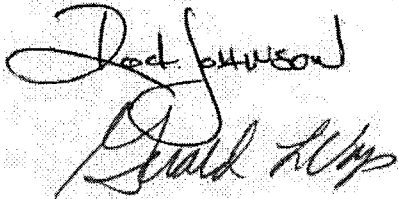
MADE AND ENTERED at Lincoln, Nebraska, this 17th day of September, 2013.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:


Chair

ATTEST:


Executive Director

//s//Anne C. Boyle
//s//Frank E. Landis



ROSIE'S PLACE

March 19, 2014

Commissioner Stacey Monahan
Department of Transitional Assistance
600 Washington Street
Boston, MA 02111

Dear Commissioner Monahan,

Rosie's Place is a sanctuary for poor and homeless women. We serve approximately 10,000 women a year through a variety of programs. We receive no public funds for any of our programs. Most of our guests conduct business in local DTA offices, whether to apply for or maintain SNAP or cash assistance, or to access DHCD Emergency Assistance benefits. We are writing with two related concerns regarding telephone access – Lifeline mobile providers at Transitional Assistance Offices (TAOs) and DTA's move to a phone-based customer service model.

The first is regarding the presence of SafeLink and other Lifeline mobile providers who have stationed themselves directly outside of DTA offices. Lifeline is a federal benefit program that provides free or low cost phone service (either landline or cellphone, but not both) for financially eligible households. Lifeline benefits are accessed by consumers through private telephone companies. The Lifeline program is a valuable asset to our guests who need access to a telephone.

However, we are concerned about the aggressive nature of cellphone company sales representatives and the lack of clear information given to consumers regarding the Lifeline benefit. From firsthand experience, we know that sales representatives accost people as they enter and exit DTA offices in the Dudley TAO, and we are apprehensive that they will seek more direct access to DTA clients. I am writing to share with you our experience of having invited two Lifeline cell phone providers, SafeLink and Assurance Wireless, to set up information tables inside Rosie's Place and our subsequent decision ordering them to leave. We found that their practices created more harm to our guests than benefit. Based on our experiences, we strongly advise against DTA allowing SafeLink or other sales representatives inside your local offices:

1. In our experience, guests who are housed and have a Lifeline benefit for a landline are not given appropriate information explaining that the promise of a "free cell phone" would result in her losing Lifeline benefits to her landline. She is only made aware of it when she receives two or three months worth of telephone bills from her telephone company charging \$45 to \$50 per month. When we worked with guests to have them re-instate Lifeline on their landlines and receive credit, the telephone companies refused to credit previous months' telephone charges. This is particularly problematic for our elderly and limited English speaking guests.
2. The sales representatives are aggressive. Even in cases where guests said they weren't interested in the cellphone service because they are already enrolled in Lifeline through a different carrier, we witnessed the sales representative actively misleading guests telling them that they can get a second "free" phone.
3. After ordering them out of our building, their sales representatives harassed our guests as they entered and exited Rosie's Place. We had to intervene again to have them leave the premises.



ROSIE'S PLACE

4. In addition to their aggressive selling of the SafeLink program, we had one sales representative ask our staff to send a guest's information (including SSN and DOB) to his personal Hotmail e-mail account. The representative told our staff person that this would be preferable to signing up online. Though we refused to provide private information, this incident speaks to the potential for privacy violations if a private carrier were to connect more closely with DTA.
5. The administration of this program is left to for-profit cellphone carriers. In our experience, there is absolutely no meaningful consumer education and informed decision making. Instead of providing access to cellphone carriers, we suggest that DTA consider distributing consumer awareness materials to clients who come into local offices. This could help dispel misinformation about the nature of the Lifeline program and the extent of the "free" services provided (without favoring one carrier over another). We would be happy to provide DTA with such a fact sheet to be placed in TAO waiting rooms.

Based on our experiences at Rosie's Place, it is our hope that DTA refuses any future requests from SafeLink or other cellphone carriers to set up shop in local Transitional Assistance Offices.

Secondly, we understand from members of the Boston DTA advisory board that DTA is considering instituting a customer service model at DTA offices in Boston (currently in place in southeastern MA DTA offices) that would limit walk-in access to a case manager and require clients to leave call-back information. This is worrisome and we are concerned that relying on Lifeline phones as a way for DTA case managers to contact clients will result in phone tag or, for phones that have no remaining minutes, a delay in resolving case issues raised by the client (potentially delaying access to SNAP or cash benefits).

Due to the small allotment of free minutes--usually 250 per month-- our guests often run out of minutes and either lose the ability to use the phone until the following month or must pay for additional minutes (at a cost of 10 cents per minute). As a result of the challenges faced in maintaining consistent phone access, many of our clients do not have reliable phones. We appreciate that case managers are very busy but we urge the Department not to embrace a model that reduces access for phoneless/phone limited customers.

Therefore, we strongly urge DTA to maintain an in-person model for walk-in clients who can be seen either by their case manager or by a duty worker who has access to BEACON and can pull up case specific information.

If you have any questions or would like to discuss this further, please feel to contact me.

Thank you,

Sana Fadel
Director of Public Policy
sfadel@rosiesplace.org
617-318-0201

cc: Roxanne Reddington-Wilde, Boston DTA Advisory Board
Commissioner Geoffrey Why, Department of Telecommunications and Cable

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March 26, 2014

EX PARTE NOTICE

VIA ECFS

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: In the Matter of Petition for Waiver of Lifeline Rules
Prohibiting Retention of Income-Based and Program-Based
Eligibility Documentation, WC Docket 11-42

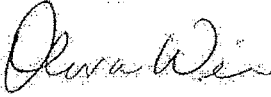
Dear Ms. Dortch:

On March 24, 2014 Olivia Wein, National Consumer Law Center and Michael Scurato, National Hispanic Media Coalition met with Radhika Karmarkar, Deputy Division Chief in the Telecommunications Access Policy Division and Michelle Schaeffer, Attorney Advisor in the Wireline Competition Bureau. Ms. Wein and Mr. Scurato discussed how the recent Lifeline reform appropriately recognized the importance of safeguarding sensitive Lifeline customer data. Should the Commission decide to allow document retention, it must only be allowed in very limited and controlled circumstances to protect customer privacy and protect from ID theft. They raised consideration of Fair Information Practices and the need for a multipronged approach that includes strong penalties for non-compliance and data breaches. The consideration of the petition should also extend to what happens if a data breach occurs and whether companies will be required to notify victim and offer monitoring services. They also raised concerns about the inconsistent level of training among sales representatives. Attached is a copy of a letter shared in the meeting from an organization that provides services to homeless women in Boston that has encountered poorly trained sales representatives.

Ms. Wein and Mr. Scurato also raised the impact of the loss of toll-free calling for prepaid wireless Lifeline customers. In particular, other benefits programs have long relied on no-cost/low-cost communications (local or toll-free calls) as part of services delivery. For example, benefits programs provide toll-free numbers for queries, for

aspects of the application process such as an interview, to report a change of status or to appeal. Wait times to reach case workers also tend to be long. Yet, prepaid wireless Lifeline currently has a limited number of minutes (250 or 500 minutes a month) and toll free numbers count against those allotted minutes. In closing Ms. Wein and Mr. Scurato raised the important role Lifeline plays in improving the lives of low-income households in their efforts to become self-sufficient and that they looked forward to continuing to help strengthen the Lifeline program.

Sincerely,



Olivia Wein

enc. March 19, 2014 letter from Rosie's Place (Boston, MA) to Commissioner Stacey Monahan, Massachusetts Department of Transitional Assistance

cc: Radhika Karmarkar
Michelle Schaeffer



NEWS

Federal Communications Commission
445 12th Street, S.W.
Washington, D. C. 20554

News Media Information 202 / 418-0500
Internet: <http://www.fcc.gov>

This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action.
See MCI v. FCC, 515 F 2d 385 (D.C. Circ 1974).

FOR IMMEDIATE RELEASE:
February 26, 2013

NEWS MEDIA CONTACT:
Mark Wigfield, 202-418-0253
E-mail: mark.wigfield@fcc.gov

TWO OKLAHOMA LIFELINE PROVIDERS TO PAY MORE THAN \$1 MILLION TO RESOLVE FCC INVESTIGATION

Enforcement Action Brought Under New FCC Lifeline Rules That Eliminated \$214 Million in Waste, Fraud, and Abuse in 2012

Washington, D.C. – Two affiliated Oklahoma companies participating in the FCC’s Lifeline program for low-income consumers – TerraCom, LLC and YourTel America, Inc. – have agreed to pay more than \$1 million in reimbursements and voluntary contributions to the U.S. Treasury. The payments resolve an FCC Enforcement Bureau investigation into whether the companies violated program rules.

The enforcement action was brought under the FCC’s new Lifeline rules guarding against waste, fraud, and abuse, which made clear that only one Lifeline subscription is allowed per household and initiated a process to scrub carrier rolls for duplicates.

“Today’s enforcement action sends a clear message: the FCC will not tolerate waste or fraud in the Lifeline program,” said Enforcement Bureau Chief Michele Ellison. “Fundamental reforms of the program’s rules are allowing us to vigorously pursue those who had abused the system – and safeguard this vital program for low-income Americans who truly need it.”

An FCC examination of subscriber rolls in Oklahoma in the summer of 2012 revealed that TerraCom and YourTel customers had received duplicative wireline and wireless support. The Enforcement Bureau then launched an investigation into the companies’ practices, including into whether the companies submitted inaccurate information to the program administrator. To resolve the investigation, TerraCom and YourTel must reimburse the FCC’s Lifeline program \$416,000 plus interest for duplicative payments. The companies have also agreed to make a voluntary contribution to the U.S. Treasury of \$600,000.

In order to prevent future violations, TerraCom and YourTel have agreed to a robust compliance plan that will govern their receipt of Lifeline funds for the next three years. Among other things, the companies must establish internal procedures to ensure accurate record keeping and appropriate claims for Lifeline support; provide annual training to their employees on compliance with FCC rules; develop and distribute a detailed compliance manual; and file regular compliance reports with the FCC describing and certifying to their compliance efforts.

The companies will also designate a senior corporate manager to oversee the process as compliance officer, and must report any non-compliance within 15 days of discovery.

Since it was launched in 1985, Lifeline has helped ensure that low-income consumers can afford basic telephone service by providing monthly service discounts. Over the years, the program has succeeded in increasing the percentage of low-income households with phone service from 80% to over 90%, providing a communications lifeline for some of our most vulnerable citizens to jobs, family, emergency services and more. However, changes in 2005 and 2008 allowed discounts on low-cost wireless plans without adequate safeguards, causing rapid growth in the program and leading to significant waste, fraud, and abuse.

The FCC began reforming Lifeline in 2010, culminating in a complete overhaul in January 2012. To date, the FCC's new rules have eliminated more than 1.1 million duplicate subscriptions, saved nearly \$214 million in 2012, and are on track to save over \$2 billion by the end of 2014. The reforms will preserve Lifeline for those who truly need it.

YourTel Consent Decree and Order: http://hraunfoss.fcc.gov/edocs_public/attachmatch/DA-13-286A1.pdf

Terracom Consent Decree and Order: http://hraunfoss.fcc.gov/edocs_public/attachmatch/DA-13-285A1.pdf

-FCC-

News about the Federal Communications Commission can also be found
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Security lapse exposes some Lifeline phone customers to ID theft risk

By ISAAC WOLF/Scripps Howard News Service
Posted May 19, 2013 at 3 a.m.

Discuss Print A A A    

Article Highlights

Response from TerraCom

McFeatters: Lifeline could be direct line to identity theft

A Google search turns up private data



Linda Mendez depends on the federally subsidized phone service to keep tabs on her family while she's at work. Mendez, of San Antonio, Texas, is shown with daughters Denise, 11, and Mandy, 6. (SHNS photo by Matt Anzur)

Last fall, when Linda Mendez was offered discount phone service through a federal program for the poor, the San Antonio mom thought it was too good to be true. She signed up anyway.

Mendez, 51, works the graveyard shift at a university gym. She uses many of her cellphone's 250 minutes a month to check on her husband and four young children, including a daughter with

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Photo Galleries

Lifeline

Down syndrome.

"I'm always telling my husband, 'Where's my phone?' " Mendez said, adding that it also helps her stay in touch with her three adult children and 13 grandchildren. "I need it because something's usually happening."

For all the convenience afforded by Lifeline, the federal program that subsidizes phone service for qualified low-income households, Mendez now says her initial doubts were justified.

Tens of thousands of Lifeline applicants, including Mendez, were exposed this spring to the risk of identity theft by the phone carriers that signed them up for the program.

More than 170,000 records from two participating companies — Oklahoma City-based TerraCom Inc. and its affiliate, YourTel America Inc. — were posted online, a Scripps News investigation has found. The records, from residents of at least 26 states, include Social Security numbers, dates of birth and information about participation in other government-assistance programs. Of those records, 343 were viewed by unknown individuals, an official for both companies acknowledged.

Scripps unearthed the documents through a simple Google search and alerted TerraCom and YourTel of its findings April 26. Within hours, the records no longer were publicly accessible.

Mendez, shown a copy of the Lifeline application she'd completed for TerraCom, was shocked.

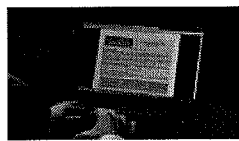
"How can they make it so easy like this for people to steal somebody's identity?" TerraCom officials declined numerous requests for an interview, though a spokesman for the company said it has notified federal and state officials of the security breach.

Lifeline, begun in 1985 to aid low-income families, was expanded to include wireless service in 2005. Adding cellphones also created problems: Some customers received multiple phones. Some carriers sent them to people who'd never applied.

Liberal distribution pays off for the hundreds of phone companies participating in Lifeline. They're reimbursed from \$9.25 to \$34.25 per line per month. American consumers pick up the tab for the program — which last year cost \$2.2 billion — and other federal communications efforts through an average \$2.73 monthly surcharge on their phone bills.



Linda Mendez depends on the federally subsidized phone service to keep tabs on her family while she's at work. Mendez, of San Antonio, Texas, is shown with daughters Denise, 11, and Mandy, 6. (SHNS photo by Matt Anzur)



May 15, 2013 -- A Scripps News reporter discovers documents that contain personal information of Life Line applicants. (SHNS photo by Matt Anzur)



The private information Linda Mendez submitted to get discount cellphone service appeared on a publicly accessible website. (SHNS photo by Matt Anzur)



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A disbelieving Linda Mendez looks at a copy of her application for federally subsidized cellphone service. The document, which she'd submitted to a phone company, lists sensitive personal information and had been



Then and now: Lake Wichita



Brown v. Board - 60th Anniversary



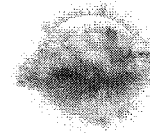
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36-Hour

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Wind: S 22mph

Today **94°**
66°

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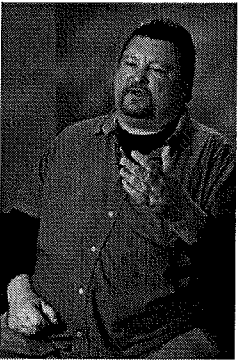
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available on an unsecure website. (SHNS photo by Matt Anzur)



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Dan Smith of Indianapolis demonstrated how he recorded applicants' private information to verify eligibility. He said his employer, a phone company, didn't insist he delete the information. (SHNS photo by Matt Anzur)



(C)SCRIPPS HOWARD NEWS SERVICE

While recruiting people for federally subsidized phone service, Dan Smith of Indianapolis said he collected applicants' sensitive data via written notes and photographs. (SHNS photo by Matt Anzur)

Growing concerns about waste, fraud and abuse led the Federal Communications Commission last year to tighten program rules. It limited household reimbursement to one phone line, for instance, and required Lifeline carriers to document applicants' eligibility. Before that, a customer's signature was sufficient.

In response, the number of subscribers dropped from a peak of 18.2 million last August to 13.2 million last month.

New responsibility for vetting applicants is driving carriers to collect more sensitive information — which they're expressly forbidden from keeping.

Carriers "must not retain copies of applicant's personal documentation that is viewed to validate eligibility," the Universal Service Administrative Co., the nonprofit that runs the Lifeline program, instructs on its website.

However, personal documents collected by TerraCom and YourTel America workers and dating back to September were posted to the Internet, Scripps found. The records were being stored by Call Centers India, a contractor hired to help the carriers determine Lifeline applicants' eligibility, according to TerraCom attorney Jonathan Lee.

The FCC, which declined interview requests, is "aware of this incident," an FCC spokesman wrote in an email, noting that a carrier could be fined up to \$1.5 million for a single violation of privacy.

The commission and Terra-Com have had previous dealings. In February, TerraCom and YourTel together paid \$1 million in fines and "voluntary" contributions to close an FCC investigation into their billing practices, according to the commission. TerraCom also faces ongoing inquiries about its business practices from regulators in Oklahoma and Indiana.

The Indiana attorney general's office, responding to Scripps' reporting, has launched an investigation into the release of TerraCom applicants' personal records. The

Texas attorney general's office also is making inquiries about the publicly posted information.

The unprotected records came to light through a reporter's Google search of TerraCom.

The records include 44,000 application or certification forms and 127,000 supporting documents or "proof" files, such as scans or photos of driver's licenses, tax records, pay stubs and passports. Taken together, the records expose residents of at least 26 states.

The application records, drawn from 18 of those states, generally date from last September through November. The proof files, from last September through April, include residents of at least eight remaining states.

Immediately after Scripps notified TerraCom of the records discovery, the phone carrier contacted the company it had hired to review applications and store data. Call Centers India, which also does business under the name Vcare Corp., began an "intensive investigation of its system," wrote Lee, the lawyer for TerraCom and YourTel.

The phone carriers and Vcare, which primarily operates from a New Delhi suburb, determined that 343 applicants' personal data files "were accessed without authorization" by unknown parties, a TerraCom spokesman said.

But it's not clear that TerraCom can make a full accounting. As TerraCom lawyer Lee pointed out in a letter, Vcare's log of website visitors does not extend beyond 30 days — in this case, from late March through April 26. Another TerraCom spokesman could not answer whether any files, if posted earlier, were accessed.

Dale Schmick, chief operating officer for both TerraCom and YourTel, said in a written statement that Scripps journalists put "applicants' personal data files at risk when they downloaded the records."

He added, "This is a very serious matter and we are actively investigating the full extent of any security breach."

TerraCom also accused Scripps of accessing the records illegally. Scripps denied the allegation and offered to demonstrate how it found the documents online.

TerraCom said it has reached out to the 343 applicants whose files were known to have had unauthorized access. The company also has set up a toll-free consumer hotline: 855-297-0243.

Mendez, in San Antonio, urgently wants to protect her information. She already has experienced the strain of ID theft through an unrelated case, she said: Over the past several years, "somebody's been using my husband's Social Security" number, creating complications with the family's tax refund checks and other benefits.

Three weeks after learning of the security breach, Mendez said she'd phoned TerraCom at least three times to seek reassurance that her data were secure.

"They just say, 'We don't know nothing about that,' " Mendez told Scripps. "They're never going to call me back. I don't think they want to."

Contact Scripps reporter Isaac Wolf at wolfi@shns.com. Additional reporting by Scripps' Jim Osman at jim.osman@scripps.com.

Why post it? Why make it available online under any circumstances? How was this Indian company vetted? What investigation did the Americans do to check on them? Why did it take a reporter to find this breach?"

S. Jenell Trigg, a Washington attorney who has led seminars on privacy laws

Key findings

- Tens of thousands of low-income Americans who'd applied for subsidized phone service through the federal Lifeline program were put at heightened risk for identity theft.
- More than 170,000 sensitive records -- many of which include full Social Security numbers or financial account information -- were posted publicly online, exposing

residents from at least 26 states.

- Scripps News discovered the records through a simple Google search. They were collected for two Lifeline carriers, Oklahoma City-based TerraCom Inc. and affiliate YourTel America Inc.
- The phone companies said records of 343 individuals were accessed by unknown parties between March 24 and April 26.
- The records uncovered by Scripps date back eight months. It's unclear how TerraCom could fully assess the breach because its 30-day history of website visitors doesn't cover the entire period when records were publicly available.
- The FCC forbids carriers from retaining Lifeline applicants' proof of program eligibility, but the publicly posted TerraCom records include 127,000 such records dating back to September.

Lifeline States

At least 26 states had residents who applied for the federal Lifeline phone program and subsequently had personal records available on an unsecured website earlier this spring. The list is based on a partial, not comprehensive, review of more than 170,000 records posted publicly. Some records contain information indicating applicant residence in multiple states.

Arkansas

Arizona

Iowa

Illinois

Indiana

Kansas

Kentucky

Louisiana

Maine

Maryland

Michigan

Minnesota

Mississippi

Missouri

Nevada

New Jersey

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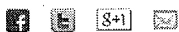
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DA 13-1435
June 25, 2013
Enforcement Advisory No. 2013-4

FCC ENFORCEMENT ADVISORY

LIFELINE PROGRAM

LIFELINE PROVIDERS ARE LIABLE IF THEIR AGENTS OR REPRESENTATIVES VIOLATE THE FCC'S LIFELINE PROGRAM RULES

The FCC's Enforcement Bureau reminds Eligible Telecommunications Carriers (ETCs) receiving federal universal service support from the Lifeline program that they are liable for any conduct by their agents, contractors, or representatives (acting within the scope of their employment) that violates the FCC's Lifeline rules. ETCs, therefore, should take all necessary steps to ensure that they and their agents, contractors, and representatives scrupulously adhere to the Lifeline rules. ETCs could face significant monetary penalties of up to \$1.5 million for each failure to comply.

The Lifeline program helps low-income Americans access affordable phone service by providing discounts on basic monthly telephone service (either wireline or wireless) for qualified subscribers. The Enforcement Bureau is committed to rooting out waste, fraud and abuse in the Lifeline program, and it is particularly concerned that some ETCs are failing to ensure that their agents, contractors, and representatives adhere to the Lifeline rules. Accordingly, the Bureau is aggressively pursuing possible misconduct on the part of ETCs as well as their agents, contractors, and representatives.

What Do The Lifeline Rules Require? The Commission's Lifeline rules impose detailed requirements on ETCs that offer Lifeline service, including (without limitation) obligations to:

- implement policies and procedures to ensure subscribers are eligible to receive Lifeline service;¹
- confirm each subscriber's eligibility *before* activating Lifeline service;²
- confirm each subscriber's eligibility *before* seeking reimbursement from the Universal Service Fund for that subscriber;³
- require applicants to certify under penalty of perjury that they are eligible and that their households do not already receive Lifeline service.⁴
- keep records detailing the documents or data source used to determine each subscriber's eligibility;⁵
- provide Lifeline service only to qualified individuals who do not reside in households that already benefit from Lifeline service;⁶ and

¹ 47 C.F.R. § 54.410(a).

² *Lifeline and Link Up Modernization and Reform*, WC Docket No. 11-42, Order, paras. 3-6 (WCB, rel. June 25, 2013).

³ *Id.* § 54.410(b)(1)(i), (c)(1)(i).

⁴ *Id.* § 54.410(d)(3)(vi).

⁵ *Id.* § 54.410(b)(1)(iii), (c)(1)(iii).

⁶ *Id.* §§ 54.405(a), 54.409(c).

- explain to subscribers that Lifeline is a government assistance program and the service is non-transferable—that is, it may not be sold or given to any other party.

We again emphasize that ETCs are liable for violations of these and other Lifeline rules—and their liability extends to violations on the part of their agents, contractors, and representatives.⁷ Therefore, if an ETC retains an agent, contractor or representative to check eligibility documentation, record details regarding the documentation applicants provide, obtain applicant certifications, or engage in any other work related to the Lifeline program, the ETC itself would be liable for any act, omission, or failure on the part of the agent, contractor, or representative that violates the Lifeline rules.

What Specific Laws Apply? The Communications Act, as amended, and the Commission’s *Lifeline Reform Order* provide that ETCs are liable for the conduct of agents, contractors, and representatives in connection with the work they are retained to perform.

- Section 217 of the Act provides generally that any “act, omission, or failure” of an agent acting within the scope of its employment by a common carrier “shall in every case be also deemed to be the act, omission, or failure of such carrier.”⁸
- Referring expressly to ETCs and their agents, the *Lifeline Reform Order* states that while ETCs may contract with agents and representatives in connection with providing Lifeline service, “the ETC remains liable for ensuring the agent’s or representative’s compliance with the Lifeline program rules.”⁹

What Are The Potential Penalties? Violations of the Lifeline rules—whether committed by an ETC itself or its agents or representatives—may subject an ETC to monetary forfeitures of up to \$150,000 for each violation or each day of a continuing violation, up to a maximum of \$1,500,000 for any particular act or failure to act.¹⁰ Moreover, in egregious cases a carrier may face revocation of its ETC status (and thus its eligibility to participate and receive support in the federal Lifeline universal service program) and/or revocation of its Section 214 authorization to operate as a carrier.¹¹ In addition, false statements or misrepresentations to the Commission may result in additional forfeiture liability and may be punishable by fine or imprisonment under Title 18 of the U.S. Code.

Need More Information? For more information about enforcement of the Lifeline rules, please contact Mindy Littell, Attorney, Investigations and Hearings Division, Enforcement Bureau, at (202) 418-0789 or Mindy.Littell@fcc.gov. Media inquiries should be directed to Mark Wigfield at 202-418-0253 or Mark.Wigfield@fcc.gov.

To request materials in accessible formats for people with disabilities (Braille, large print, electronic files, audio format), send an e-mail to fcc504@fcc.gov or call the Consumer & Governmental Affairs Bureau at 202-418-0530 (voice), (202) 418-0432 (TTY). You may also contact the Enforcement Bureau on its TTY line at (202) 418-1148 for further information about this Enforcement Advisory, or the FCC on its TTY line at 1-888-TELL-FCC (1-888-835-5322) for further information about Lifeline rules.

Issued by: Acting Chief, Enforcement Bureau

-FCC-

⁷ As noted in the *Lifeline Reform Order*, “[t]he Commission has consistently found that ‘[i]censees and other Commission regulatees are responsible for the acts and omissions of their employees and independent contractors,’ and has held the regulated party responsible for violations of the Commission’s rules committed by agents.” *Lifeline and Link Up Reform and Modernization*, Report and Order and Further Notice of Proposed Rulemaking, 27 FCC Rcd 6656, 6708-09, para. 110 (2012) (*Lifeline Reform Order*).

⁸ 47 U.S.C. § 217.

⁹ *Lifeline Reform Order*, 27 FCC Rcd at 6708-09, para. 110.

¹⁰ 47 U.S.C. § 503(b)(2)(B); 47 C.F.R. § 1.80(b)(2); *Amendment of Section 1.80(b) of the Commission’s Rules, Adjustment of Forfeiture Maxima to Reflect Inflation*, Order, 23 FCC Rcd 9845 (2008).

¹¹ 47 U.S.C. § 214.

CERTIFICATE OF SERVICE

UM 1684

I certify that I have, this day, served the foregoing document upon all parties of record in this proceeding by delivering a copy in person or by mailing a copy properly addressed with first class postage prepaid, or by electronic mail pursuant to OAR 860-001-0180, to the following parties or attorneys of parties.

Dated this 5th day of August, 2014 at Salem, Oregon



Kay Barnes
Public Utility Commission
3930 Fairview Industrial Drive SE
Salem, Oregon 97302
Telephone: (503) 378-5763

UM 1684
SERVICE LIST

AT&T (W)	
CYNTHIA MANHEIM	PO BOX 97061 REDMOND WA 98052 cm9268@att.com
AT&T SERVICES INC (W)	
DAVID COLLIER AREA MANAGER-REGULATORY RELATIONS	645 E PLUMB LNM RN C-142 PO BOX 11010 RENO NV 89502 david.collier@att.com
AT&T SERVICES, INC. (W)	
SHARON L MULLIN DIRECTOR--EXTERNAL AFFAIRS	2003 POINT BLUFF AUSTIN TX 78746-6236 slmullin@att.com
CITIZENS' UTILITY BOARD OF OREGON	
OPUC DOCKETS (W)	610 SW BROADWAY, STE 400 PORTLAND OR 97205 dockets@oregoncub.org
ROBERT JENKS (W)	610 SW BROADWAY, STE 400 PORTLAND OR 97205 bob@oregoncub.org
G. CATRIONA MCCRACKEN (W)	610 SW BROADWAY, STE 400 PORTLAND OR 97205 catriona@oregoncub.org
PUBLIC UTILITY COMMISSION OF OREGON	
JON CRAY (W)	PO BOX 1088 SALEM OR 97308-1088 jon.cray@state.or.us
KAY MARINOS (W)	PO BOX 1088 SALEM OR 97308-1088 kay.marinosa@state.or.us
PUC STAFF - DEPARTMENT OF JUSTICE	
JOHANNA RIEMENSCHNEIDER (W)	BUSINESS ACTIVITIES SECTION 1162 COURT ST NE SALEM OR 97301-4796 johanna.riemenschneider@doj.state.or.us