

ACTION REQUEST

Date: May 2, 2014

FROM: Public Service Commission

Due: June 2, 2014*

SUBJECT: Alleged Lifeline Fraud

This is a request for the Division to provide analysis, evaluation results, and the basis for conclusions and recommendations regarding the following:

Review for Compliance and Make Recommendations

Review Application and Make Recommendations

Analyze the Complaint

Review Notice and Make Recommendations

Review Request for Agency Action and Make Recommendations

Respond in Accordance with the Notice of Filing and Request for Comments

Investigate

X Other – Explanation and Statement of Issues to be Addressed (See Below):

Please review the attached news article involving alleged Lifeline fraud and determine if any of the companies mentioned are currently operating in Utah. In addition, please advise as to any recommended action.

*In the event the Commission issues an order or notice providing dates for comments and/or testimony in this docket:

- The Division shall respond consistent with the order or notice;
- The order or notice, including any deadlines, shall supersede and replace this action request; and
- This action request shall be deemed withdrawn.

JUSTICE DEPARTMENT INDICTS THREE
FOR ALLEGED LIFELINE FRAUD

The Department of Justice has indicted three individuals for alleged roles in defrauding the Lifeline program of approximately \$32 million.

According to a newly unsealed criminal indictment, Thomas Biddix, 44, of Melbourne, Fla., Kevin Brian Cox, 38, of Arlington, Tenn., and Leonard Solt, 49, of Land O'Lakes, Fla., were charged with one count of conspiracy to commit wire fraud and 15 substantive counts of wire fraud, false claims, and money laundering. The court also authorized a seizure warrant seeking the defendant's "ill-gotten gains, including the contents of multiple bank accounts, a yacht, and several luxury automobiles," DoJ said.

The indictment alleges that the defendants owned and operated Associated Telecommunications Management Services LLC (ATMS), a holding company that owned and operated several telephone companies that participated in the Lifeline program. The three defendants allegedly caused the submission of "falsely inflated claims" to the Lifeline program between September 2009 and March 2011 that resulted in ATMS "fraudulently receiving more than \$32 million."

In a statement, FCC Chairman Tom Wheeler said, "The FCC is working hard to combat fraud in the Lifeline program, and I applaud our Office of Inspector General, the FCC's Lifeline policy and enforcement teams, and the program administrator, USAC, for their considerable contributions that helped lead to yesterday's criminal fraud indictment.

I particularly appreciate the continuing support provided by our law enforcement partners at the DOJ and FBI.

"Lifeline helps ensure that all Americans can afford phone service, providing connections to jobs, family and 9-1-1," Mr. Wheeler said. "But we will not tolerate abuse of this program, and are gratified to see the results of our hard work to battle fraud." - Brian Hammond, brian.hammond@wolterskluwer.com

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