



GARY HERBERT
Governor
SPENCER J. COX
Lieutenant Governor

State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

THOMAS BRADY
Deputy Director

CHRIS PARKER
Director, Division of Public Utilities

MEMORANDUM

To: Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Bill Duncan, Telecommunications / Water Manager
Casey J. Coleman, Utility Technical Consultant

Date: May 14, 2014

Re: Alleged Lifeline Fraud per Docket No. 14-999-03.

RECOMMENDATION:

The Division of Public Utilities (“Division”) has reviewed the attached news article involving alleged Lifeline fraud by Associated Telecommunications Management Services LLC (“ATMS”) that was received on May 2, 2014. The Division recommends that the Commission take no additional actions because the Eligible Telecommunications Carriers (“ETC”) that have been approved by the Commission in Utah are not associated with ATMS.

ISSUES:

The Commission sent an Action Request to the Division on May 2, 2014 in regard to an article detailing a Department of Justice indictment of three individuals for alleged roles in defrauding the Lifeline program of approximately \$32 million. The three individuals are Thomas Biddix, Kevin Brian Cox, and Leonard Solt.

The Commission was interested in determining if any of the ETCs that have been granted permission to operate in the State of Utah were affiliated with ATMS. Additionally, the Commission was looking for advice as to any further actions.

From research done by the Division, the subsidiaries of ATMS that were involved in the alleged fraud are American Dial Tone, Inc, Bellerud Communications, LLC, LifeConnex Telecom, LLC, All American Telecom, Inc. and BLC Management LLC, d/b/a Angles Communications Solutions. None of those affiliates sought an ETC designation in the state of Utah.

The Division went back and reviewed the applications by each of the ETCs that were filed with the Commission. From that review the Division was able to determine that none of the current ETCs offering service within the State of Utah are being managed by the three individuals named in the Department of Justice indictment.

The alleged fraud occurred over a time period from September 2009 to March 2011. The only applications received by the Commission for ETC designation before 2012 were TracFone d/b/a Safelink Wireless, Virgin Mobile d/b/a Assurance Wireless and iWireless. Each of these companies do not have association with ATMS.

Finally, The Commission did receive an application from True Wireless LLC on July 16, 2012 for ETC designation. From the information received it appears a Mr. Brian Cox was the President of this company. Because True Wireless had not received approval of the Compliance Plan from the Federal Communications Commission ("FCC"), the Division recommended suspending the docket on August 7, 2012 until the Compliance plan was approved by the FCC. On April 15, 2014 True Wireless LLC filed a letter with the Commission motioning to withdraw the petition. The Commission granted the motion May 1, 2014. True Wireless LLC appears to be the only potential ETC that was affiliated with the three indicted individuals.

Because the only company that was potentially associated with ATMS was never granted an ETC and the remaining companies do not have any corporate affiliation with ATMS, the Division recommends the Commission take no further action than the Division investigation at this time.

cc: Justin Jetter, Assistant Attorney General