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May 1, 2015

BY ECFS

Charles Tyler
Telecommunications Access Policy Division
Wireline Competition Bureau
445 12th Street, SW, Room 5-A452
Washington, DC 20554

Thomas Buckley
Office of the Managing Director
445 12th Street, SW, Room 1-A636
Washington, DC 20554

Re: American Broadband and Telecommunications Company's 2015 Lifeline Biennial Audit Final Report

Dear Messrs. Tyler and Buckley,

Enclosed please find American Broadband and Telecommunications Company's ("American Broadband" and "Company") Lifeline Biennial Audit Final Report. If you have any questions, please contact Mike Dover at (312) 857-7087 or mdover@kelleydrye.com.

Respectfully submitted,

Michael R. Dover
Counsel to American Broadband and Telecommunications Company

Enclosure

cc: Karen Majcher, USAC (LifelineBiennial@usac.org)

GJM GILMORE JASION MAHLER, LTD
INNOVATIVE IDEAS. TRUSTED ADVICE.

Independent Accountants' Report
On Applying Agreed-Upon Procedures
American Broadband and Telecommunications Company

To the Managements of American Broadband and Telecommunications Company (d/b/a American Assistance) (hereinafter referred to as "ABT"), the Universal Service Administrative Company (USAC), and the Federal Communications Commission (FCC or Commission):

We have performed the procedures enumerated in Attachment A, which were agreed to by the FCC's Wireline Competition Bureau (Bureau) and Office of Managing Director (OMD) in the Lifeline Biennial Audit Plan or as otherwise directed by the Bureau,[1] solely to assist you in evaluating ABT's compliance with certain regulations and orders governing the Low Income Support Mechanism (also known as the Lifeline Program) of the Universal Service Fund, set forth in 47 C.F.R. Part 54, as well as other program requirements, including any state-mandated Lifeline requirements (collectively, the Rules) detailed in the Lifeline Biennial Audit Plan for the calendar year ended December 31, 2013. ABT's management is responsible for compliance with the Rules. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Generally Accepted Government Auditing Standards (GAGAS) issued by the Government Accountability Office (2011 Revision).[2] The sufficiency of these procedures is solely the responsibility of the Bureau and OMD. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment A either for the purpose for which this report has been requested or for any other purpose.

Specific procedures and related results are enumerated in Attachment A to this report. In compliance with the Lifeline Biennial Audit Plan, this report does not contain any personally identifiable information or individually identifiable customer proprietary network information.[3]

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on ABT's compliance with the Rules. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the managements of ABT, USAC, and the FCC, and is not intended to be and should not be used by anyone other than these specified parties. This report becomes a matter of the public record upon filing of the final report with the FCC. The final report is not confidential.

Gilmore Jasion Mahler, LTD

April 29, 2015

[1] *See Wireline Competition Bureau Announces Release of Final Lifeline Biennial Audit Plan*, WC Docket No. 11-42, Public Notice, DA 14-450 (rel. Apr. 2, 2014).
[2] *See* U.S. Government Accountability Office, *Government Auditing Standards*, GAO 12-331G (rev. Dec. 2011).
[3] *See* 18 U.S.C. § 1028(d)(7) (definition of means of identification) and 47 U.S.C. § 222(h)(1) (definition of customer proprietary network information).

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Attachment A enumerates the agreed-upon procedures for ABT, the associated results, and any management responses obtained in relation to the exceptions identified.

Objective 1: Carrier Obligation to Offer Lifeline

Procedure 1
Gilmore Jasion Mahler, LTD (GJM) inquired of management on March 30, 2015 and obtained the carrier's policies and procedures in response to Item 4 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan for offering Lifeline service to qualifying low-income consumers.

GJM examined the carrier's policies and procedures, and compared those policies and procedures, as well as management's responses to the inquiries, to the Commission's Lifeline rules set forth in Appendix F of the Lifeline Biennial Audit Plan.

GJM noted that the Income Based Eligibility maximum yearly income amounts on ABT's certification forms are 150% of 2011's Federal Poverty guidelines.

Beneficiary Response:
Management notes that 99% + of their subscribers' application eligibility is based on government program eligibility. We will review income based qualifications for each state and update to latest guidelines if not already correct.

Procedure 2

ABT provided GJM 2 examples of marketing materials. We inspected the 2 examples of carrier marketing materials describing the Lifeline service (i.e., print, audio, video and web materials used to describe or enroll in the Lifeline service offering, including standard scripts used when enrolling new subscribers, application and certification forms), as provided in response to Items 4, 6 and 7 of Appendix A of the Lifeline Biennial Audit Plan.

GJM noted the inspected marketing materials (and website links) contained the required information below:

- The service is a Lifeline service, which is a government assistance program;
- The service is non-transferable;
- Only eligible subscribers may enroll;
- Only one Lifeline discount is allowed per household; and
- ABT's name or any brand name is used to market the service.

No exceptions noted.

Procedure 3
GJM requested 50 recorded calls servicing Lifeline subscribers from the year ended December 31, 2013 for Lifeline subscribers.

GJM selected a sample of 10 calls from the 50 recorded Lifeline subscriber calls, provided by ABT, and verified the use of interactive voice response (IVR) and the time spent using the customer care telephone service.

GJM noted that all 10 calls utilized an IVR system; however, there was not an option to speak to a live customer care operator on the 10 calls reviewed and there was not an option during the call to notify ABT they are no longer eligible for Lifeline service. However, GJM does note that ABT has a public number that subscribers can call in and request to speak to a live operator and we noted a phone number listed on the letter provided to subscribers on the 30 day de-enrollment letter in which they can "call to confirm eligibility or to de-enroll."

Beneficiary Response:
We concur with the findings by the auditor for this item; however, in a live customer environment there is always an option for the customer to exit and speak to a customer service representative which was not represented by the recordings.

Procedure 4
GJM inquired of ABT's management on March 30, 2015 and obtained ABT's policies and procedures, as it relates to the audit period, for de-enrollment from the Lifeline program, including when the Eligible Telecommunications Carrier ("ETC") will de-enroll subscribers based on lack of eligibility, duplicative support, non-usage and failure to recertify.

GJM examined ABTs aforementioned policies and procedures, and compared those policies and procedures, as well as management's responses to our inquiries, to the Commission's Lifeline Rules set forth in 47 C.F.R. Section 54.405.

GJM noted that during the period (January 1 to December 31, 2013) there was not a state or federal databases that could be used to check eligibility.

GJM noted that the National Lifeline Accountability Database ("NLAD") was not implemented during the period (January 1 to December 31, 2013) so ABT was not able to identify duplicative support. ABT did test for same address, date of birth and last name; these individuals were terminated if deemed a duplicate.

GJM selected a sample of 10 subscribers from the states of Michigan and Ohio who were de-enrolled or scheduled for de-enrollment from the Lifeline program due to non-usage and requested copies of their non-usage termination notifications. GJM noted the following:

- All 10 subscribers were sent a generic de-enrollment letter that do not contain the information required by section 54.405(e)(3) of the Commission's rules; However,
- ABT sends a text message to subscribers who are scheduled for de-enrollment due to non-usage; at 15, 30 and 60 day increments;
- The text message contains the information required by section 54.405(e)(3) of the Commission's rules; and
- ABT does not retain copies/documentation that the text messages were sent.

GJM selected a sample of 30 subscribers who were required to recertify to the Lifeline program within the Form 555 filed for the states of Michigan, Ohio and Wisconsin and requested copies of the notifications of impending de-enrollment due to failure to recertify. GJM reviewed the notifications and noted the communications contained the required information set forth in 47 C.F.R. 54.405(e)(4), without exception.

GJM obtained and reviewed the templates for notification of pending de-enrollment due to subscriber's non-usage and failure to recertify during the annual recertification process. These samples of notification are attached; 1) a generic letter for notifying subscribers for non-usage and failure to recertify, 2) and a text message for notifying subscribers for non-usage. These templates are attached to the end of the report.

Beneficiary Response:
We concur with the findings by the auditor for this item; however, we believe the multiple SMS messages sent to customers comply with section 54.405(e)(3) of the Commission's rules.

Objective 2: Consumer Qualification for Lifeline

Procedure 1
GJM inquired of ABT's management on March 30, 2015 and obtained the Company's policies and procedures, as it relates to the audit period, for limiting Lifeline support to a single subscription per household.

GJM examined ABT's aforementioned policies and procedures, and compared those policies and procedures, as well as management's responses to our inquiries, to the Commission's Lifeline Rules set forth in 47 C.P.R. Section 54.409.

GJM noted no discrepancies between the carrier's policies and procedures, management's responses to the inquiries, and the Commission's Lifeline rules for limiting Lifeline support to a single subscription per household.

Procedure 2
GJM inquired of ABT's management on March 30, 2015 to discuss the procedures in place during the audit period to ensure it has accurately completed the FCC Form 497.

GJM reviewed ABT's procedures during the audit period, and management's responses to our inquiries, and compared the results to the Commission's Lifeline rules set forth in 47 C.F.R. Section 54.409.

No exceptions noted.

Procedure 3
GJM obtained ABT's Subscriber list and FCC Form 497 for each study area in the selected states (Indiana, Michigan and Ohio) for October 2013. GJM compared the number of subscribers reported on the Form 497s to the number of subscribers contained on the Subscriber List for each study area.

GJM noted the following regarding ABT's Subscriber list and FCC Form 497 for each study area in the selected states (Indiana, Michigan and Ohio) for October 2013:

- Indiana's FCC Form 497 had 1 more subscriber than the Subscriber list;
- Michigan's FCC Form 497 had 32 more subscribers than the Subscriber list; and
- Ohio's FCC Form 497 had 29 less subscribers than the Subscriber list.

Beneficiary Response:
We concur with the findings by the auditor for this item, and since the audit period we have established an auditing procedure to reconfirm the numbers being provided on each month's Form 497.

Procedure 4
GJM conducted computer-assisted audit techniques and examined the Subscriber List obtained in Procedure 3 above for duplicate addresses with different subscribers receiving Lifeline support and noted the following:

- 4 sets of duplicate subscribers were claimed in Indiana;
- 1061 sets of duplicate subscribers were claimed in Michigan; and
- 983 sets of duplicate subscribers were claimed in Ohio.

Beneficiary Response:
For each of the duplicate addresses noted above, AB&T has HOH forms in compliance with the Commission's Lifeline rules set forth in 47 C.F.R.

Procedure 5
GJM compiled a list of all duplicate addresses with different subscribers noted in Procedure 4 above and requested copies of the one-per-household certification form for a sample of 30 subscribers. GJM inspected the certification forms to determine whether the selected subscribers certified to only receiving one Lifeline-supported service in his/her household using the one-per household worksheet.

From the sample of 30 reviewed, 29 had the appropriate one-per-household worksheet certified appropriately. GJM noted that one subscriber completed the one-per-household worksheet and acknowledged that they had a spouse or domestic partner that was already receiving a Lifeline-discounted phone, and that they share living expenses and therefore, should not have qualified for a Lifeline-discounted phone.

Beneficiary Response:
We concur with the findings by the auditor for this item.

Objective 3: Subscriber Eligibility Determination and Certification

Procedure 1
GJM inquired of ABT's management on March 30, 2015 and obtained ABT's policies and procedures, as it relates to the audit period, for ensuring that its Lifeline subscribers are eligible to receive Lifeline services.

GJM examined ABT's aforementioned policies and procedures, and compared those policies and procedures, as well as management's responses to our inquiries, to the Commission's Lifeline rules set forth in 47 C.F.R. Section 54.410.

GJM noted that ABT does not have a formal written policy or procedure stating that ABT is not to retain copies of subscribers' documentation of proof of income or program-based eligibility. However, ABT verbally communicates to their agents during training that these documents are not to be maintained on file.

Beneficiary Response:
We concur with the findings by the auditor for this item.

Procedure 2
GJM inquired of ABT's management on March 30, 2015 and obtained the ABT's policies and procedures, as it relates to the audit period, for training employees and agents for ensuring that the ETC's subscribers are eligible to receive Lifeline services.

GJM examined the ABT's aforementioned policies and procedures, and compared those policies and procedures, as well as management's responses to our inquiries, to the Commission's Lifeline Rules set forth in 47 C.F.R. Section 54.410, noting no exceptions.

GJM noted the National Lifeline Accountability Database ("NLAD") was not implemented during the period (January 1 to December 31, 2013) and any test procedures regarding NLAD are not applicable.

GJM noted that the ABT agents who are enrolling subscribers go through a Sales Training program and are given customer application guidelines that spell out the eligibility requirements. Each agent is required to sign the customer application guidelines confirming that they have read and understand the eligibility requirements.

Procedure 3
GJM obtained the Subscriber List for each study area in the selected states (i.e. Indiana, Michigan and Ohio) for October 2013. GJM randomly selected 50 subscribers from the Subscriber List that were enrolled in the program after June 1, 2012.

GJM inspected the subscriber's certification and recertification forms (where applicable) and compared the forms to verify they contained the information required by the Commission's Lifeline Rules set forth in 47 C.F.R. Section 54.410.

GJM compared the ABT's subscriber eligibility criteria on the certification and recertification forms to the federal eligibility criteria set forth in the Commission's Lifeline Rules.

GJM noted that of the 27 attributes required to be reviewed for the sample of 50 subscriber's certifications/re-certifications, we had 9 errors. The nine errors occurred on the completion of the temporary or permanent resident field. The temporary or permanent resident was left blank. 9 were online applications and 2 were paper applications. GJM noted ABT did not service Tribal residents, and as such, the procedure related to certification to residing on Tribal lands was not applicable during the audit period.

Beneficiary Response:
We concur with the findings by the auditor for this item; however, since the audit period we have corrected our online application process so as to no longer allow orders missing this information to complete the process.

Objective 4: Annual Certification and Recordkeeping by Eligible Telecommunications Carriers.

Procedure 1
GJM inquired of ABT management on March 30, 2015 and obtained ABT's policies and procedures, as it relates to the audit period, for ensuring that the Company has obtained and submitted the annual certifications required under the Commission's Lifeline Rules set forth in 47 C.F.R. Section 54.416.

GJM examined ABT's aforementioned policies and procedures, and compared those policies and procedures, as well as management's responses to our inquiries, to the Commission's Lifeline Rules set forth in 47 C.F.R. Section 54.416, noting no exceptions.

Procedure 2
GJM requested ABT's FCC Form 555 that was filed in January 2014 for the study areas within the selected states of Michigan, Ohio and Wisconsin, which represented the subscribers recertified during the calendar year 2013.

GJM examined the FCC Form 555 filed for the study areas in the selected states (Michigan, Ohio and Wisconsin) and reviewed the certifications completed by an officer of the Company, noting no exceptions.

GJM noted an officer of ABT made all certifications on the FCC Form 555s as required by the Commission's Lifeline Rules.

Procedure 3
GJM requested the ABT's organizational chart on March 30, 2015. GJM reviewed ABT's organizational chart and verified that the certifying officer on the FCC Form 555s for the study areas within the selected states (Michigan, Ohio and Wisconsin) is an officer of the Company per the organizational chart.

No exceptions noted.

Procedure 4
GJM obtained the FCC Form 555 filed in January 2014 for the selected states (Michigan, Ohio and Wisconsin) and the respective Form 497s filed in February 2013.

GJM verified the subscriber count per the FCC Form 555 agreed with the total subscriber count per the February Form 497 for the selected states Michigan, Ohio and Wisconsin, noting no exceptions.

Procedure 5
GJM requested the subscriber recertification results template for the states of Michigan, Ohio and Wisconsin to verify the recertification results agreed to the data reported on the Form 555.

GJM reviewed the subscriber list of the subscribers that were recertified for the month of February to the subscribers reported on the FCC Form 555 filed in January 2014 for the selected states (Michigan, Ohio and Wisconsin), noting no exceptions.

Procedure 6
GJM requested the non-usage results for the months of July, October and December for the selected states (Michigan and Ohio, only applicable states) reported on FCC Form 555 filed in January 2014.

GJM reviewed the non-usage results for the months of July, October and December for the selected states (Michigan and Ohio) reported on FCC Form 555 filed in January 2014, noting no exceptions.

Procedure 7
GJM requested ABT’s annual ETC certification FCC Form 481 for the states of Ohio, Michigan and Wisconsin.

GJM obtained and reviewed ABT's annual ETC certifications and reported all the information as required by 47 C.F.R. 54.422(a), noting no exceptions.

GJM noted that ABT is exempt from reporting information required by 47 C.F.R. 54.422(b) , as ABT does not own their network.

Procedure 8
GJM requested ABT’s annual ETC certification FCC Form 481 for the states of Ohio, Michigan and Wisconsin.

GJM reviewed the support for the FCC Forms 481 listed above and noted that it complies with 47 C.F.R. Section 54.422(a), noting no exceptions.

Procedure 9

GJM inquired of ABT's management on March 30, 2015 and obtained the ABT's policies and procedures, as it relates to the audit period, for maintaining records that document compliance with the Commission's Lifeline Program Rules.

GJM examined the ABT's aforementioned policies and procedures, and compared those policies and procedures, as well as management's responses to our inquiries, to the Commission's Lifeline rules set forth in 47 C.F.R. Section 54.417, noting no exceptions.

Customer Usage Requirement Instructions

- **Text On Activation:**
  - **"Your American Assistance phone is now active. Please note: YOU MUST MAKE AT LEAST 1 PHONE CALL EVERY 30 DAYS for your service to remain active."**
- **Text After 30 Day No Usage:**
  - **"Dear %FIRST_NAME%, your phone will be disconnected if you do not use it within the next 30 days. You must make a phone call to avoid disconnection."**
- **Insert Card (in package with phone):**
  -

- **Screen Protector (on phone):**
  -

AMERICAN
BROADBAND + TELECOMMUNICATIONS

Month <DD/YYYY>

<Customer Name>
<Address>
<City, State Zip+4>

Dear <customer name>

RE: Notice of Termination of Lifeline Service Benefit

American Broadband & Telecommunications has attempted to contact you to verify your continued eligibility to participate in the government Lifeline assistance program. Since you did not rely to our attempt to reach you, we must inform you of your termination of benefits. By law, when American Broadband & Telecommunications has a reasonable basis to believe a subscriber is no longer an eligible consumer, we must send you a notice of impending termination. You have 30 days from the date of this impending termination letter to demonstrate continued eligibility by re-certifying your continued eligibility (47 C.F.R. Section 54.405(e)(1), 54.410(f)(2)(iii), 54.410(d)(3)).

If we do not hear back from you within 30 days of the date of this letter, we must terminate your service because of your failure to demonstrate continued eligibility within the 30-day time period (47 C.F.R. Section 54.405(e)(1)).

Please call us at <lifeline CS TN> to confirm your eligibility or to de-enroll. Thank you in advance for your cooperation in resolving this issue.

Sincerely,

American Broadband & Telecommunications Customer Support