

RICHARD B. NUGENT  
11TH DISTRICT, FLORIDA  
1727 LONGWORTH HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515  
(P) 202-225-1002  
(F) 202-226-6559

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COMMITTEE ON  
ARMED SERVICES  
COMMITTEE ON RULES  
COMMITTEE ON  
HOUSE ADMINISTRATION

**Congress of the United States**  
**House of Representatives**  
Washington, DC 20515-0911

August 17, 2015

The Honorable Tom Wheeler  
Chairman of the Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

Received & Inspected

AUG 21 2015

FCC Mail Room

WCB  
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USF  
lifeline

Dear Chairman Wheeler:

It has come to my attention that contractors for the Universal Service Fund are setting up booths outside of Veterans Administration locations offering free cellphones with service, implying strongly that it is a government benefit specifically for veterans. However, mere months later, the veterans receive a notice that they must provide proof that they meet the income threshold. Because there was no mention of income during the sign up process, the veterans have no idea and most don't qualify in the end. The options are then for the veteran to begin paying for the phone service or it will be disconnected leaving the veteran with a non-working phone that was essentially paid for by other hardworking families.

This is clearly an abuse of the intention of the Universal Service Fund. Contractors for the fund appear to be both receiving money from what is essentially a tax on phone bills *and* from veterans who pay to continue their phone service after being misled about the terms.

It is outrageous that veterans cannot go to their doctor without the threat of being misled and taken advantage of. Targeting veterans as a group for the contractors' financial gain under the guise of a government benefit is particularly disgraceful.

I understand the Commission has initiated an investigation into the issue, and as this is happening in the district I represent, I would very much like to know where that investigation stands and what steps are being actively taken to stop this alleged fraud. Specifically, I would also like to know whether contractors are being paid for distributing phones to those who clearly do not qualify and what action will be taken against those who misled veterans on the Universal Service Fund's behalf. Furthermore, if statutory changes are necessary to improve the accountability functions of the program, that insight would obviously be helpful as well.

Thank you for your time and your attention to this. If at all possible, please send a response by August 28<sup>th</sup>. There are quite a few veterans in Florida who would like to know what's being done to stop this.

Sincerely,

A handwritten signature in blue ink, appearing to read "Richard B. Nugent". The signature is stylized and cursive, with the first name "Richard" being the most prominent part.

Richard B. Nugent  
Member of Congress



OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 2, 2015

The Honorable Rich Nugent  
United States House of Representatives  
1727 Longworth House Office Building  
Washington, D.C. 20515

Dear Congressman Nugent:

Thank you for your letter regarding allegations that Florida veterans have been misled about the eligibility requirements for our Universal Service Fund's Lifeline program. I am as outraged as you are that agents of a wireless phone company would target veterans with false and misleading information with the goal of scamming those veterans and the Lifeline program. It is an insult to the veterans who were targeted, and it undermines the integrity of the Lifeline program. We will not stand for it.

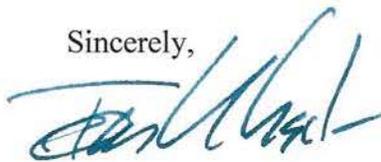
While the Commission has proposed a number of steps we can take to prevent these kinds of scams in the future, such as taking the eligibility determination out of the hands of the providers, there are some important steps we can take now to address these specific allegations. In particular, we have taken three concrete steps:

- First, the Commission's staff has contacted the relevant parties to discuss the alleged violations by their agents. The veterans, who are victims of this scam, must be held harmless. Tracfone, the wireless phone company behind the Safelink brand that has been mentioned in the press regarding this incident, has promised that the affected veterans will be able to use the service at least through the end of the year. This is important, but that is only a first step. Tracfone must better police its agents and ensure that they immediately stop this activity, so that no additional veterans are victimized.
- Second, Commission staff are assessing the financial harm to the Lifeline program and what would be necessary to make the program whole. Tracfone has already acknowledged that it likely received funding for serving ineligible consumers and has begun the process of reimbursing the Fund. I have directed my staff to investigate this further to identify specific amounts associated with ineligible customers, and take appropriate steps – including, if necessary, withholding future remittances to Tracfone – to ensure the program is made whole.
- Third, we have referred the matter to the Commission's Office of Inspector General (OIG), with a request that they work to bring appropriate legal action. As you know, OIG is the independent office in the FCC that works with the Department of Justice to pursue legal action for civil and criminal violations. Our referral of this matter to OIG reflects the gravity of the alleged violations.

We will not tolerate this exploitation of veterans and the Lifeline program. The activities must cease, the victims must be held harmless, the program must be repaid in full, and appropriate legal remedies must be sought.

I appreciate your interest in this matter. Please let me know if I can be of further assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tom Wheeler", written in a cursive style.

Tom Wheeler