

**Before the  
Federal Communications Commission  
Washington, DC 20554**

In the Matter of	)	
	)	
Lifeline and Link Up Reform And Modernization	)	WC Docket No. 11-42
	)	
Lifeline and Link Up	)	WC Docket No. 03-109
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
Advancing Broadband Availability Through Digital Literacy Training	)	WC Docket No. 12-23
	)	

To: Chief, Wireline Competition Bureau

**SUPPORTING COMMENTS OF NTCH, INC.**

NTCH, Inc. (“NTCH”), an incipient Lifeline service provider, submits these comments in partial support of TracFone Wireless’s petition to amend the rules governing retention of eligibility data.

NTCH is an American company that has not heretofore relied on support from the Government or Wall Street but which has survived in the CMRS industry for 15 years. Out of competitive necessity, it has now reluctantly applied for Lifeline authority. NTCH has long been concerned that the Lifeline program is being abused by unscrupulous operators operating under little-known trade names to generate illicit revenues. Much of the growth in the Lifeline program in recent years has been the result of subscriber pumping schemes in which unsuspecting consumers have been sold multiple Lifeline accounts via the offer of cheap, free phones. The measures imposed in the Commission’s Feb. 6, 2012 *Report and Order and*

*Further Notice of Proposed Rulemaking*, FCC 12-11, in this Docket have apparently been partially successful in curbing the worst abuses of this Program, but work remains to be done. As long as significant federal dollars are flowing to Lifeline providers who can sign up new subscribers, unscrupulous operators will, either deliberately or through lack of oversight of their employees, bend the rules by going through the motions of verifying eligibility but doing so haphazardly, carelessly or even fraudulently. Though TracFone characterizes the effect of the Commission's crackdown as impeding truly needy people from having access to vital government programs, the heightened eligibility review process attempts to limit recipients to those who are lawfully authorized to receive subsidies. TracFone's current proposal will help in this regard by establishing an auditable trail of documentation that should serve to curb the opportunity for the unscrupulous to game the system. Oddly, however, TracFone requested that the implementation of the new certification requirement be delayed – a request which would have permitted the abuses to continue.<sup>1</sup>

To be sure, this requirement and many of the others imposed by the Commission in the February 6 Order impose real burdens both on carriers and the public whom they are trying to serve. The documentation requirements in many cases will serve as an obstacle to getting low income people signed up since they will not necessarily have the required information at the point of sale and may never come back if asked to produce it. The obstacle posed by the new requirements is confirmed by TracFone's recent ex parte submission reporting a drop in subscribership in the month that the certification requirement has been in effect. Nevertheless, given the track record of abuse (of which TracFone cites one prominent example in Missouri),

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<sup>1</sup> Since the June 1, 2102 deadline has now passed without Commission action on TracFone's petition, it appears that TracFone's request in this regard is moot.

something still needs to be done to render this Program fair and to make sense of how this is being administered and who benefits. NTCH is aware of abuses similar to those observed by TracFone in Missouri by an apparently related company in South Carolina. So while no one likes more government-imposed record-keeping, we see no good alternative to the measure proposed by TracFone.

On the other hand, if TracFone's request to delay the effective date of the certification requirement is still outstanding, NTCH does not concur. The certification requirement at least compels service providers to certify that they have reviewed the required documentation even if they are not allowed to retain copies of it. The certification is better than nothing, and to remove it, even temporarily, would return us to the wild and woolly days of 2011. So the certification rule should stay in effect while the Commission considers this additional protective measure.

While the TracFone petition is a useful addition to the current rules, it does not go far enough to stem abuse on a structural basis. NTCH is therefore filing a petition to further rein in the excesses of the current system by rescinding the policy of forbearing from enforcement of the facilities-based requirement for ETCs and requiring more transparent disclosure of the true parties behind Lifeline service providers.

Respectfully submitted,

NTCH, Inc.

By: \_\_\_\_\_/s/\_\_\_\_\_

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