BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of	)	
	)	
Petition of TracFone Wireless Inc. to Amend	)	WC Docket No. 11-42
Lifeline Rules to Prohibit In-Person Distribution of	)	
Handsets to Prospective Lifeline Customers	)	

COMMENTS OF THE
UNITED STATES TELECOM ASSOCIATION

The United States Telecom Association ("USTelecom")[1] respectfully submits these comments in the response to the Public Notice ("*Notice*")[2] seeking comments on TracFone's Petition to Amend Lifeline Rules to Prohibit In-Person Distribution of Handsets to Prospective Lifeline Customers ("*TracFone Petition*").[3] In its petition, TracFone urges the Commission to promptly commence a rulemaking proceeding for the purpose of amending its Lifeline rules to prohibit in-person distribution of handsets to prospective Lifeline consumers as a means to prevent waste, fraud, and abuse in the Lifeline program. TracFone claims that the ability of eligible telecommunications carriers ("ETCs") to distribute handsets in real time to prospective Lifeline subscribers may often prevent ETCs from performing the necessary verification to

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[1] USTelecom is the premier trade association representing service providers and suppliers for the telecommunications industry. USTelecom members provide a full array of services, including broadband, voice, data and video over wireline and wireless networks.

[2] Public Notice DA 13-1109, *Wireline Competition Bureau Seeks Comment on TracFone's Petition to Amend Lifeline Rules to Prohibit In-Person Distribution of Handsets to Prospective Lifeline Customers*, WC Docket No. 11-42 (rel. May 16, 2013).

[3] *See Petition for Rulemaking to Prohibit In-Person Distribution of Handsets to Prospective Lifeline Customers; Lifeline and Link Up Reform and Modernization et al*, Petition for Rulemaking, WC Docket Nos. 11-42 *et al.*, CC Docket No. 96-45 (filed May 13, 2013) ("*TracFone Petition*").

certify that those consumers are eligible for Lifeline benefits.[4] TracFone suggests that the Commission should require ETCs to send handsets to the Lifeline subscriber via U.S. mail or approved delivery service after the ETC has verified the applicants' eligibility in accordance with Commission rules.[5]

In large part, USTelecom supports the series of reforms related to the Lifeline program adopted by the Commission in 2012.[6] It is important that the program be efficient and effective, and uses the scarce resources of the Universal Service Fund in a prudent and targeted fashion. The Commission should have a laser focus on elimination of waste, fraud and abuse in the Lifeline program.

While the TracFone Petition correctly identifies an opportunity for waste, fraud and abuse to occur in the Lifeline program, USTelecom believes that the Commission's already-adopted policy to address the problem – implementation of an automated process or a database that would provide ETCs the opportunity to quickly check the eligibility of a consumer for the Lifeline discount – continues to be the better solution.[7] USTelecom has repeatedly encouraged the Commission to have the eligibility and verification functions transferred from ETCs to a government entity, state or federal, or an agent of such an entity. USTelecom supports the

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[4] *Id.* at 6.

[5] *Id.* at 7.

[6] *See Lifeline and Link Up Reform and Modernization et al.*, WC Docket No. 11-42 *et al.*, Report and Order and Further Notice of Proposed Rulemaking, 27 FCC Rcd 6656 (2012) *("Lifeline Reform Order").* However, USTelecom does take issue with some elements of the implementation of the *Lifeline Reform Order*. *See* USTelecom Petition for Reconsideration and Clarification of the Lifeline Reform Order, WC Docket Nos. 11-42, 03-109 and 12-23, and CC Docket No. 96-45 (filed Apr. 2, 2012).

[7] *See Lifeline Reform Order* at ¶ 403 (directing the Wireline Competition Bureau and USAC to take all necessary actions so that there will be an automated means to determine Lifeline eligibility for, at a minimum, the three most common programs through which consumers qualify for Lifeline).

expedited implementation of an eligibility and verification database which would be administered by an agency of government and accessed by ETCs to quickly make the required determinations.

Those providers engaging in fraudulent practices, such as the distribution of handsets in public places without requiring recipients to provide proof of eligibility, would presumably not be deterred by a rule forcing providers to mail the handsets to consumers. The problem here is not the in-person distribution of handsets to consumers; it is the act of providing the handset absent proper determination of eligibility.

The best way for the Commission to ensure that only eligible households participate in the Lifeline program is to eliminate service providers' role in determining consumer eligibility. This can best be done through the operation of an automated process or database administered by a government entity, or an agent of a government entity, that would allow ETCs to quickly check eligibility. In addition to being the best way to eliminate fraud, waste and abuse from the Lifeline program, a national eligibility database would help preserve consumer privacy and provide more transparency and accountability for the determination of initial and continued eligibility for the Commission.

As with any system, there is no doubt that there will be creative ways for unscrupulous ETCs to commit fraudulent acts or fail to comply with the Commission's rules. The Commission should take enforcement action that would deal swiftly and strongly with ETCs that are engaging in the practices described by TracFone.

The Commission should continue its efforts to stamp out fraud, waste and abuse in the Lifeline program. The best way to do this is to quickly adopt and operationalize a government-sponsored automated system of consumer eligibility and verification. ETCs that have engaged in fraudulent practices or violated the Commission's rules should be quickly and strongly penalized for such actions.

Respectfully submitted,

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