

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)
)
Lifeline and Link Up Reform and) WC Docket No. 11-42
Modernization)
)
Lifeline Reform 2.0 Coalition Petition for)
Rulemaking to Further Reform the Lifeline)
Program)

COMMENTS OF CRICKET COMMUNICATIONS, INC.

Cricket Communications, Inc. (“Cricket”) submits these comments in response to the Petition for Rulemaking to Further Reform the Lifeline Program (“Petition”) filed by the Lifeline Reform 2.0 Coalition (“Coalition”) on June 28, 2013 and placed on public notice by the Commission on July 15, 2013.¹ While Cricket has urged the Commission to focus on more fundamental and impactful reforms, such as implementing the National Lifeline Accountability Database and requiring Lifeline providers to offer plans with a minimum allotment of monthly minutes and/or a minimum monthly charge, Cricket shares the Coalition’s goal of curbing “waste, fraud, and abuse in the Lifeline program”² and supports several of the specific proposals advanced by the Coalition. As explained further below, Cricket is concerned that a few of the Coalition’s proposals would be ineffective or would impose costs that exceed the intended benefits. Nevertheless, Cricket applauds the Coalition’s efforts to bolster the integrity of the Lifeline program.

¹ See DA 13-1576, WC Docket No. 11-42 (Jul. 15, 2013). The Lifeline Reform 2.0 Coalition consists of Boomerang Wireless, LLC; Blue Jay Wireless, LLC; Global Connection Inc. of America; i-wireless LLC; and Telrite Corporation.

² Petition at 1.

DISCUSSION

I. SEVERAL COALITION PROPOSALS WOULD HELP TO CURB WASTE, FRAUD, AND ABUSE IN THE LIFELINE PROGRAM

As Cricket has explained in an *ex parte* presentation to Commission staff,³ several of the measures proposed by the Coalition in the Petition appear likely to enhance the Commission's ongoing efforts to curb waste, fraud, and abuse in the Lifeline program. Cricket believes that the public interest would benefit from broader consideration of these proposals in the context of a rulemaking proceeding.

First, Cricket supports the Coalition's proposal to require eligible telecommunications carriers ("ETCs") to check a Lifeline applicant's photo identification—or otherwise to confirm an applicant's identity, such as through the use of an identity validation database—during the enrollment process. Cricket has checked applicants' photo IDs in person since the outset of its participation in the Lifeline program and has found that practice to be an effective mechanism for ensuring program integrity. Such a requirement also would be consistent with the Commission's rules in other contexts.⁴

Second, Cricket supports the related proposal to require ETCs to retain documentation of each applicant's program-based or income-based eligibility. Although such a requirement would impose document-retention costs on Cricket and other ETCs, and it would require encryption of records to safeguard customer privacy, the need to ensure full and consistent compliance with the Commission's verification rules justifies those costs, in Cricket's

³ See *Ex Parte* Letter of Matthew A. Brill and Jarrett S. Taubman, Counsel to Cricket Communications, Inc., to Marlene H. Dortch, Secretary, FCC, WC Docket Nos. 11-42, 03-109, and 96-45 (July 26, 2013).

⁴ See, e.g., 47 C.F.R. § 64.2010(d).

view. In addition, a document-retention requirement would establish a reliable audit trail in the event that the Commission determines that an investigation is warranted.

Third, Cricket supports the Coalition’s proposal to require all Lifeline providers to offer access to live customer support. Such support (which Cricket and most other ETCs already provide) would help ensure that low-income consumers are able to benefit from the connectivity provided by the Lifeline program. At the same time, such access would help ensure the integrity of the Lifeline program by allowing Lifeline customers to obtain updated information about an ETC’s Lifeline offerings, confirm their continued eligibility to participate in the Lifeline program, and de-enroll easily where appropriate.

Fourth, Cricket supports the Coalition’s proposal to require all ETCs to comply with the same audit requirements, regardless of the ETC’s size or penetration level. Cricket agrees that audits provide an effective means of deterring misconduct and facilitating enforcement of the Commission’s rules. Recent press reports and Commission enforcement action suggest that small providers are at least as likely as larger providers to violate the Commission’s rules (if not significantly more so), and there is no sound reason to exempt smaller carriers from the Commission’s principal oversight mechanism.

Finally, Cricket supports the Coalition’s proposal to require ETCs to de-enroll customers upon request. Plainly, when a customer is no longer eligible to receive Lifeline subsidies, an ETC must respond promptly by de-enrolling that customer from the program and halting the flow of benefits. To the extent that carriers have shirked this responsibility by making it difficult for Lifeline subscribers to contact them, the Commission should ensure that efficient means for de-enrollment are in place.

As noted above, these reforms might not have the same impact as eliminating the incentive and ability of consumers to seek duplicative benefits through multiple offers of “free” phones. But they are useful measures that would help reduce the incidence of waste, fraud, and abuse in the Lifeline program.

II. OTHER COALITION PROPOSALS WOULD RISK IMPOSING COSTS THAT EXCEED THE INTENDED BENEFITS

Although Cricket supports a number of the proposals advanced by the Coalition, Cricket has reservations about other proposals set forth in the Petition.

First, Cricket opposes the Coalition’s proposal to prohibit ETCs from using “agents” to enroll Lifeline customers. Many ETCs, including Cricket, use specially trained agents to review and process Lifeline applications in order to control costs and optimize the efficiency and integrity of the review process. Notably, these agents are subject to the same requirements as employees, and are just as capable of effectively implementing and enforcing the Lifeline program rules. Furthermore, the ETC remains fully liable for its agents’ compliance with applicable program rules. Therefore, prohibiting the use of agents by ETCs would drive up administrative costs needlessly and undermine the business models of many ETCs. To the extent the Coalition seeks to prohibit the use of agents only insofar as they receive commission payments for approving Lifeline applications, Cricket is willing to support such a limitation, but it should apply equally to a company’s employees. In other words, if the Commission seeks to target the payment of bounties, as seems appropriate, then it should do so with respect to all of an ETC’s representatives, rather than singling out certain personnel based on irrelevant employment-law distinctions.

Second, Cricket opposes the Coalition's proposal to adopt a flat ban on a Lifeline customer's transfer of his or her *handset* to another individual. The Commission's rules already prohibit the transfer or program benefits (such as prepaid minutes stored on a Lifeline subscriber's handset),⁵ and there is no sound reason to adopt a duplicative prohibition that would sweep in entirely lawful and legitimate transfers of handsets. Indeed, Cricket customers often purchase handsets in Cricket stores, and those customers who participate in the Lifeline program should remain free (just as other subscribers are) to sell those handsets on the Internet or to give them to a friend or family member when ready for a new device. The Coalition has not identified any reason why such transfers are inappropriate, and there is none.

Finally, Cricket opposes the Coalition's proposal to mandate that ETCs increase their tracking and reporting of data regarding individual enrollment locations. The apparent intent of this proposal is to address the illicit practices of unscrupulous operators that enroll customers at temporary locations without complying with the Commission's verification rules. But, as with the proposed ban on handset sales/transfers, the suggestion to require tracking of all ETC enrollment locations is overbroad. For an ETC with hundreds or thousands of retail locations, such as Cricket, such tracking and reporting requirements would impose dramatically increased administrative burdens. And there is no reason to conclude that such burdens would be justified by commensurate benefits, especially given the audit mechanisms and other reporting requirements in place. Cricket already tracks enrollment data and monitors its stores and employees/agents to ensure compliance with the Commission's rules, and the Commission should not micromanage that process.

⁵ 47 C.F.R. §§ 54.401(a), 54.405(c), and 54.410(d)(1)(vi).

CONCLUSION

Cricket appreciates the Coalition's efforts to bolster ETCs' compliance with the Commission's Lifeline rules. If the Commission proposes new rules in response to the Petition, Cricket requests that the Commission develop reform proposals in a manner consistent with these comments.

Respectfully submitted,

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