

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

In the Matter of

Lifeline and Link Up Reform and Modernization

WC Docket No. 11-42

REPLY COMMENTS OF NEXUS COMMUNICATIONS, INC.

Nexus Communications, Inc. (“Nexus”), through its undersigned counsel, hereby submits these Reply Comments in response to the Petition for Rulemaking to Further Reform the Lifeline Program filed by the Lifeline Reform 2.0 Coalition (“Coalition”) on June 28, 2013 in the above-captioned docket.¹

Nexus strongly supports the major aims of the Coalition’s Petition, which will help eliminate waste, fraud, and abuse in the Lifeline program. The Coalition’s suggestions round out a wide array of proposals that have been presented to the Commission in the past few months, including Nexus’ own reform proposal² and a separate Petition for Rulemaking.³ Many of these proposals are good ideas that Nexus encourages the Commission to implement quickly, particularly requiring verification of applicant identification and requiring eligible

¹ *Lifeline and Link Up Reform and Modernization, et al.*, Lifeline Reform 2.0 Coalition’s Petition to Further Reform the Lifeline Program, WC Docket No. 11-42 (filed June 28, 2013). Nexus understands that the Coalition is comprised of Boomerang Wireless, LLC; Blue Jay Wireless, LLC; Global Connection Inc. of America; i-Wireless LLC and Telrite Corporation. See also *Wireline Competition Bureau Seeks Comment on Lifeline Reform 2.0 Coalition’s Petition for Rulemaking to Further Reform the Lifeline Program*, Public Notice, DA-13-1576 (WCB rel. July 15, 2013).

² See Letter from Danielle Frappier, counsel for Nexus, to Marlene Dortch, WC Docket Nos. 11-42 and 03-109 (May 10, 2013) (“Nexus Ex Parte letter”).

³ *Wireline Competition Bureau Seeks Comment on TracFone’s Petition to Amend Lifeline Rules to Prohibit In-Person Distribution of Handsets to Prospective Lifeline Customers*, Public Notice, DA-13-1109 (WCB rel. May 16, 2013).

telecommunications carriers (“ETCs”) to retain documentation of subscribers’ eligibility for Lifeline support. In addition, Nexus believes that its own proposal to ban Lifeline enrollment in temporary structures (including in tents and out of vehicles), which it has presented to the Commission⁴ and described in comments,⁵ is the most effective step the Commission can take to eliminate the problematic enrollment practices that contribute to waste, fraud, and abuse in the program.

A. Commenters Support Customer Identification Check

Nexus, along with the majority of ETC commenters in this proceeding, supports the Coalition’s proposal to require ETCs to request and review government-issued identification documents (“ID”) presented by Lifeline applicants at the time of enrollment. However, as it explained in its initial comments, Nexus believes that ETCs should also be able to verify identify by searching an independent third-party database. As TracFone attested in its initial comments, this system can work well. Allowing ETCs to check third-party databases will enable them to enroll eligible subscribers who lack government-issued ID and will minimize the problem of false negatives that could be produced by the National Lifeline Accountability Database (“NLAD”).

B. Commenters Support Mandatory Retention of Documentary Proof of Eligibility

Nexus also supports the Coalition’s proposal to require ETCs to retain copies of the documents that demonstrate an applicant’s eligibility for Lifeline support. This reform has been

⁴ *Id.*

⁵ *Wireline Competition Bureau Seeks Comment on TracFone’s Petition to Amend Lifeline Rules to Prohibit In-Person Distribution of Handsets to Prospective Lifeline Customers*, Comments of Nexus Communications, DA-13-1109 (WCB rel. May 16, 2013).

consistently supported by ETCs⁶, including in this proceeding, and with good reason: keeping copies of eligibility documentation not only allows ETCs to better track and internally verify the identity and eligibility of each Lifeline customer, it also allows ETCs to respond more efficiently to audit requests and other inquiries into the eligibility of its customer base. ETCs should be required to be able to demonstrate that the ETC verified the eligibility of the Lifeline applicant. This is the only way to guarantee that the ETC did in fact verify eligibility before providing scarce Lifeline subsidies to only qualified Lifeline applicants. Nexus' proposal is the only way to hold both the Lifeline applicant and the ETC accountable. In addition, if ETCs are required to maintain documentation for all subscribers, these ETCs and the Commission will be able to more effectively refute outside criticisms and claims that many Lifeline customers are ineligible.

C. Nexus' Proposal to Ban Lifeline Enrollment in Temporary Structures Will Complement the Coalition's Proposals

On May 10, 2013, Nexus submitted an *ex parte* filing⁷ with the Commission laying out its own proposals for reform, including requiring ETCs to retain proof of customer eligibility. It also proposed requiring ETCs to post a Lifeline compliance bond with the Commission and banning the enrollment of Lifeline participants in tents, vehicles, and other temporary structures.

⁶ Virtually all ETCs support the proposal to require ETCs to keep copies of eligibility documentation. *Lifeline and Link Up Reform and Modernization, et al.*, Comments of the Joint Commenters (Absolute Home Phones, Inc. d/b/a Absolute Mobile, *et al.*) on TracFone Petition to Require Retention of Lifeline Program-Based Eligibility Documentation, WC Docket Nos. 11-42 *et al.* at 3 (filed July 24, 2012); *Lifeline and Link Up Reform and Modernization, et al.*, Comments of Sprint Nextel Corporation, WC Docket Nos. 11-42 *et al.* at 3 (filed July 24, 2012); *Lifeline and Link Up Reform and Modernization, et al.*, Comments of i-wireless, LLC on TracFone Petition to Require Retention of Lifeline Program-Based Eligibility Documentation, WC Docket Nos. 11-42 *et al.* at 3 (filed July 24, 2012); and *Lifeline and Link Up Reform and Modernization, et al.*, Supporting Comments of NTCH, Inc., WC Docket Nos. 11-42 *et al.* at 3 (filed July 24, 2012).

⁷ Nexus Ex Parte letter.

Nexus believes that checking ID and keeping copies of eligibility documentation are worthwhile proposals and should be implemented. However Nexus also believes that a ban on enrollment in temporary structures is the single most effective way to eliminate the waste, fraud, and abuse that exists in today's Lifeline marketplace. As it wrote in its comments⁸ to TracFone's Petition for Rulemaking, which put forth a similar proposal, Nexus believes that "face to face" Lifeline enrollments should be limited to brick-and-mortar locations such as retail stores, so that ETCs and third-party owners of brick-and-mortar retail locations will be putting their own reputations and businesses on the line. This will end the problem of "fly by night" temporary structures and faceless third parties with who are difficult to be held accountable. If the employees or owners conducting enrollments are found to have violated the Lifeline program rules, they will be held to account and they will potentially suffer both economic and reputational damages. Faceless third parties who are "here today and gone tomorrow" and who cannot be held accountable should not be allowed to be the "face" of Lifeline. This rule, in combination with the additional verification and retention policies proposed by the Coalition, will go a long way toward eliminating some of the major problems in the Lifeline program.

CONCLUSION

For the foregoing reasons, Nexus asks the Commission to (i) require that ETCs verify the identity of Lifeline applicants by reviewing either government-issued ID or a third-party database; (ii) require that ETCs retain copies of documentation demonstrating the eligibility of their subscribers for Lifeline support; and (iii) ban Lifeline enrollment in temporary locations. These three steps will do much to eliminate waste, fraud, and abuse in the Lifeline program without unduly burdening subscribers, the ETCs who serve them, or USAC.

⁸ *Wireline Competition Bureau Seeks Comment on TracFone's Petition to Amend Lifeline Rules to Prohibit In-Person Distribution of Handsets to Prospective Lifeline Customers*, Comments of Nexus Communications, DA-13-1109 (WCB rel. May 16, 2013).

Respectfully submitted,

A handwritten signature in blue ink that reads "Danielle Frappier". The signature is written in a cursive style with a large initial 'D'.

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