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United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

August 14, 2017

CHRISTOPHER R. HIXON, STAFF DIRECTOR
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The Honorable Gene L. Dodaro
Comptroller General of the United States
U.S. Government Accountability Office
441 G Street NW
Washington, D.C. 20548

Dear Mr. Dodaro:

A recent investigation by the Government Accountability Office (GAO) uncovered evidence of widespread fraud and abuse in the Federal Communications Commission's (FCC) Lifeline program, which distributed approximately \$1.5 billion in federal subsidies to private telephone companies in 2016 alone.¹ We are writing to request that you refer all specific instances of suspected fraud discovered during the course of GAO's investigation to the FCC and the FCC Office of Inspector General (OIG) for further investigation and possible enforcement action.

The Lifeline program is intended to provide eligible low-income households with discounts on telephone and broadband service. However, GAO found numerous examples of program funds being used to subsidize ineligible or fraudulent subscribers.

Specifically, GAO identified 1,246,817 potentially fraudulent Lifeline accounts, which represent up to \$138,319,958 annually in fraudulent subsidies.² For example, 6,378 Lifeline beneficiaries appear on the Social Security Administration's Death Master File—meaning “these individuals either were enrolled, recertified, or both after they had been reported dead.”³

¹ Government Accountability Office, *Additional Action Needed to Address Significant Risks in FCC's Lifeline Program*, at 7 (GAO-17-538) (May 30, 2017).

² These include 1,234,929 accounts for which GAO auditors were unable to confirm the subscriber's eligibility, 5,510 duplicative accounts, and 6,378 accounts opened more than one year after the subscriber died. Government Accountability Office, *Additional Action Needed to Address Significant Risks in FCC's Lifeline Program*, at 38, 39, and 43 (GAO-17-538) (May 30, 2017).

³ *Id.* at 43.

Additionally, GAO's undercover testing identified 12 telephone companies that approved applications for Lifeline service on the basis of fictitious eligibility information.⁴ GAO's undercover investigators also applied to work for a company that performs subscriber eligibility verification for Lifeline providers. They were hired without an interview or background check and subsequently were paid for enrolling fictitious Lifeline subscribers.⁵

We respectfully request that you refer these findings and any associated investigative materials to the FCC's Enforcement Bureau or the FCC OIG for evaluation. We additionally request that GAO provide the results of GAO's undercover testing of Lifeline providers to this Committee.

GAO, as always, is an indispensable ally in the Committee's work to protect taxpayer dollars from waste, fraud, and abuse. We are hopeful that the FCC and the Universal Service Administrative Company, which administers the Lifeline program, will act promptly to implement GAO's recommendations. Addressing systemic weaknesses in Lifeline management and oversight, along with the referral of each instance of potential fraud identified by GAO, will ensure that the waste, fraud, and abuse that you identified is eliminated.

Please contact Jackson Eaton with Senator McCaskill's staff at (202) 224-2627, Brooke Ericson with Senator Johnson's staff at (202) 224-4751, Andy Polesovsky with Senator Portman's staff at (202) 2248539 or John Kilvington with Senator Carper's staff at (202) 224-1548 with any questions.


Sincerely,




Ron Johnson
Chairman



Claire McCaskill
Ranking Member



Rob Portman
Chairman
Permanent Subcommittee on Investigations



Thomas Carper
Ranking Member
Permanent Subcommittee on Investigations

⁴ *Id.* at 44.

⁵ *Id.* at 56.

The Honorable Gene Dodaro
August 14, 2017
Page 3

cc: The Honorable Ajit Pai, Chairman, Federal Communications Commission
The Honorable David L. Hunt, Inspector General, Federal Communications Commission