



## FCC Hits AT&T With \$10.4 Million Fine for Lifeline Fraud

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The FCC has [announced](#) that it's hitting AT&T with yet another fine -- this time for collecting undeserved federal subsidies from the FCC's Lifeline program. Lifeline, which provides subsidized phone service for the poor, was created by the Reagan administration in 1985 and expanded by Bush in 2005. The FCC found that AT&T was failing to adequately audit its Lifeline subscriber roles, collecting subsidies for customers that no longer existed or were no longer eligible.

□ A few years ago the FCC [doled out \\$14.4 million in fines](#) against TracFone Wireless, Icon Telecom, Assist Wireless, Easy Wireless and UTPhone, claiming they all essentially defrauded the program.

It was during that investigation the FCC discovered AT&T's (and former subsidiary SNET's) involvement in breaking Lifeline rules, [a statement discloses](#). The pair were fined \$10.4 million by the FCC this week.

In both investigations, FCC found that the companies were failing to audit their Lifeline subscriber roles and purge non-existent or duplicate accounts, thereby collecting millions in additional subsidies for literally doing nothing. The FCC is careful to avoid use of the word "fraud," though it's extremely likely the companies knew precisely what they were doing.

"American consumers trust that the companies who receive federal funds will use that money appropriately," said Travis LeBlanc, Chief of the FCC's Enforcement Bureau. "We expect companies to be vigilant in protecting public funds and complying with FCC rules."

The move is just the latest in a laundry list of enforcement efforts on issues regulators previously ignored. In the last several years, AT&T has been fined by the FCC for [defrauding the IP Relay network used by the deaf](#), fined for [profiting off of cramming](#), sued by the FTC for [throttling unlimited data users](#), and now for effectively taking unearned subsidies intended for the poor.

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