



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

January 17, 2018

The Honorable Claire McCaskill
Ranking Member
Committee on Homeland Security and Governmental Affairs
United States Senate
340 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator McCaskill:

Thank you for your letter regarding FCC Lifeline enforcement actions taken prior to my appointment as Chairman, including 12 Notices of Apparent Liability (NALs) issued between September 2013 and February 2014. Enclosed please find responses to the specific questions posed in your letter.

Once I became Chairman of the Commission, I prioritized the long-overdue resolution of these 12 Lifeline cases. As you noted in your letter, FCC Chairman Wheeler transferred these matters to the Office of the Inspector General (OIG). Under my chairmanship, however, nine of these cases were subsequently returned to the Enforcement Bureau and re-opened. As discussed in the attached material, the Commission has resolved seven of the 12 cases, including reaching settlements in five of them, and expects to resolve two more soon. Three cases remain with the Office of Inspector General (OIG). It may be helpful to note that in each of the 12 cases, the companies fully reimbursed the overpayments back to the Universal Service Fund by January of 2014. It is also important to recognize that when resolving these cases, we need to take into account the violator's ability to pay. This explains why in order to ensure we collected some penalty in these cases, we reached settlements in which we agreed to collect less than the amount stated in the NALs. The penalties proposed in the NALs involved alleged violations of the applicable laws governing the administration of the Lifeline program and were sought above and beyond the funds the relevant companies had devoted to reimbursing the USF.

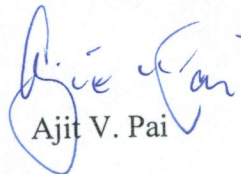
As I testified before the Committee last year, the FCC owes it to everyone who contributes to or receives benefits from the Universal Service Fund to make sure the Lifeline program is efficient, effective, and free of waste, fraud, and abuse. That is why we adopted the *Lifeline Reform Order* in November. The *Order* included reforms to reduce program waste by limiting enhanced Tribal support to rural areas. We also sought comment on additional proposals, including spurring investment in deployment and reducing waste, fraud, and abuse by limiting Lifeline support to facilities-based providers, restoring the traditional role of the states in approving Lifeline-eligible providers, and protecting taxpayers by setting a self-enforcing cap on the program. Taken together, these targeted measures will help bridge the digital divide by incentivizing further broadband deployment where it is most needed, promoting Lifeline

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consumer choice, and ensuring that Lifeline consumers receive quality broadband service, and will also reduce waste, fraud, and abuse to ensure the efficient use of limited Lifeline resources.

I appreciate your continued interest in this matter. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ajit V. Pai", is written over the printed name. The signature is stylized with a large initial "A" and a cursive "Pai".

Ajit V. Pai

Enclosure