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step in a crackdown on abuse of a federal program that provides free cellphone service to low-income individuals.

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Enforcement letters going to more than 82,000 Ohioans this month mark the latest step in a crackdown on abuse of a federal program that provides free cellphone service to low-income individuals.

The letters tell people found to have more than one phone per household — a violation of program rules — that they need to pick one provider or it will be picked

for them. The duplicates were discovered with the launch of a national user database

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Other recent anti-fraud measures have included \$94.9 million in proposed fines against 14 companies accused by the Federal Communications Commission of violating the program's rules since February 2013. Five of those companies operate in Ohio, according to an I-Team analysis of federal records.

One of the companies, i-Wireless, is based in Newport, Ky., and is half-owned by Cincinnati-based Kroger Co. It is fighting an \$8.8 million fine based on allegations made in November that it provided more than one line to 1,684 people across eight states, including Ohio.

Meanwhile, the U.S. Department of Justice levied criminal charges this month against three men in Florida accused of defrauding the program of \$32 million through their company.

An analysis of federal data finds the annual cost of the program from 2012 to 2013 dropped sharply from \$110.6 million to \$88.9 million in Ohio. It dropped from \$1.9 billion to \$1.5 billion nationwide.

"The Lifeline program has grown far beyond its original intent, and I appreciate this and any effort to eliminate the waste, fraud and abuse of taxpayer dollars," said U.S. Rep. Jim Jordan, R-Urbana, co-sponsor of a bill that would end the subsidy for cellphones.

Advocates for the poor argue that the service provides a valuable tool for low-income people who otherwise would lack phone service to make medical appointments, apply for jobs or use in emergencies. They say cellphones are particularly useful for transient populations, and cost no more than landlines when rules are enforced.

"Let's put these enforcement procedures into place. Let's fine, and fine heavily, those vendors that are abusing the system," said Don Mathis, president of the poverty-

resource agency Community Action Partnerships, which has agencies across Ohio.

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Ohio enrollment in the program spiked in 2012 at more than 1 million, up from nearly 600,000 in 2011.

Since 2008, more than a dozen companies have set up shop in Ohio, some giving out phones on street corners. Companies get up to \$10 a month for every person they enroll.

The FCC finally this month launched a national database of subscribers to the program. It already has identified roughly 1 million duplicate subscribers, and the FCC is crediting it with \$169 million in annual savings.

This is in addition to 2.2 million duplicates discovered by the FCC by other means before the database was finalized.

The database is how the FCC found the 82,000 duplicate subscribers being contacted this month in Ohio. Ohio was the seventh state where letters went out, with the others to follow.

Companies must now check new subscribers against the database.

“The database is preventing new duplicates and has rooted out remaining ones,” FCC Chairman Tom Wheeler said. “I commend the industry for working with us to implement this effective solution to eliminating wasteful duplicates.”

The FCC also is increasing audits of companies that get \$5 million or more from the program.

These reforms together could save \$2 billion, the FCC estimates.

**i-Wireless fights fine**

Companies that the FCC says didn't do enough to prevent duplicate lines are facing

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“(i-Wireless) apparently has ignored our rules and exploited a program dedicated to providing low-income Americans with basic telephone service,” the November filing issuing the fine says.

I-Wireless is appealing the fine. Company spokeswoman Jeni Kues called the FCC's allegations “misguided and unwarranted,” and said that her company has worked for years on a voluntary screening process to eliminate duplicates with a “near-perfect track record.”

“We take the allegations raised by the FCC very seriously, but we do not believe that we violated any Lifeline rules,” she said. “We continue to work with the Commission to resolve the issues raised ... and to be strong supporters of rational and effective enforcement.”

I-Wireless received more than \$300,000 a month from the Lifeline program in Ohio through March of this year, according to USAC data.

### **Other companies**

TracFone Wireless is fighting a \$4.6 million fine after USAC did a 17-state study — including in Ohio in October 2012 — and found 842 duplicate enrollments resulting in \$7,792 in over-payments.

“With almost 4 million Lifeline customers, obviously this is a very small percent,” said a statement from TracFone in response to the allegations. “We do not believe that our conduct violated any rules or that the proposed FCC action is warranted.”

TracFone was the largest biller for Lifeline service in Ohio in March, getting \$1.9 million that month alone, according to USAC data. TracFone was the first company

to enter the Ohio market in 2009 with its SafeLink phone. Its monthly Lifeline

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