



**OFFICE OF
INSPECTOR GENERAL**
FEDERAL COMMUNICATIONS COMMISSION

OPEN RECOMMENDATIONS FROM FCC OIG INVESTIGATIONS

March 31, 2025

Executive Summary

Why We Are Issuing This Report

As described in our semiannual reports, FCC OIG's Office of Investigations (OI) leverages its investigative findings and analyses to identify critical recommendations to the Commission on ways to combat fraud, waste, and abuse in FCC programs. In designing these recommendations, we focused on concrete actions FCC should consider to prevent identified fraud and maximize the deterrent impact of our investigative work. Sharing findings and recommendations about fraud schemes, loopholes, and other program integrity risks with the Commission is a highly-effective strategy to protect FCC funds and programs and the American public who rely on them.

For example, our office shared leading practices and lessons learned from prior investigations involving FCC's approximately \$8-billion-a-year Universal Service Fund (USF) programs when the agency designed and implemented recent emergency response programs. These programs include the \$3.2 billion Emergency Broadband Benefit Program (EBB), the \$7.1 billion Emergency Connectivity Program (ECF), and the \$14.2 billion Affordable Connectivity Program (ACP). Our objective was clear—to prevent fraud, waste, and abuse, and deter threats to program integrity from the outset.

Our longstanding practice of sharing findings and recommendations resulted in FCC's adoption and implementation of important program integrity protections including the Representative Accountability Database (RAD) and a "death check" of new Lifeline enrollees to prevent fraudulent enrollments. These adopted recommendations continue to provide significant protections against program threats. However, several important recommendations remain unaddressed, leaving the problems those recommendations were intended remediate unresolved. This poses ongoing risks to FCC programs and funding. We issue this report to consolidate our outstanding recommendations from investigations into a single resource for FCC, and to inform critical stakeholders of the threats to program integrity identified by FCC OIG's investigative work.

Under the Inspector General Act, FCC OIG makes recommendations, not policy. These recommendations illustrate the threats and risks identified in our investigations. The Commission can address these threats and risks in many ways. Our concern is not that FCC adopt a particular policy approach, but rather that we communicate these risks effectively so that policy stakeholders can design appropriate solutions. Our primary objective is to shine a light on our investigative findings for FCC, Congress, and the American people.

How to Read This Report

This report compiles and summarizes nine recommendations OI previously shared with FCC after identifying significant threats to FCC programs and operations. For each recommendation, we provide a brief description of the underlying risk or threat that remains unaddressed. We also identify publicly available sources that provide details regarding highlighted risks and specific examples of fraudulent conduct from OIG investigations that we aim to prevent with these recommendations.

How We Will Track These Recommendations Moving Forward

Prior to this report, our recommendations were provided through various means, such as our semiannual reports, top management challenges reports, advisories, and memoranda to FCC. With this product, we will start tracking investigative recommendations in a manner similar to recommendations from our audits, inspections and evaluations, including posting them on www.oversight.gov. This tracking and posting will maximize transparency and consistency. We look forward to continuing to work with FCC on strengthening its programs.

What We Recommended

1. FCC Should Finalize Its Nonprocurement Rule to Develop a Robust Suspension and Debarment (S&D) Program.
2. FCC Should Adopt the Mandatory Disclosure Provision from the Updated Uniform Guidance For Federal Financial Assistance.
3. FCC Should Create an Online Competitive Bid Repository for E-Rate Program Bidding Documents.
4. FCC Should Require Households to Independently Verify Their New Low-Income Program Enrollments and Transfer Requests Through an Affirmative Response to a Text, Email or Other Outreach Using the Contact Information Included in Subscriber Application.
5. FCC Should Require Low-Income Program Participating Providers to Report Customer Usage Data When Seeking Monthly Reimbursements for FCC Program Service.
6. FCC Should Enforce Program Rules That Require Low-Income Program Participating Providers to Timely and Accurately Register All Enrollment Representatives In RAD and Report their Enrollment Related Activity.
7. National Verifier Applications Should be Closed Once a Fabricated or Fraudulent Proof is Confirmed.
8. USAC Should Utilize Optical Character Recognition Software to Identify Other Examples of Fraudulent Documents.
9. FCC/USAC Should Hire an Expert to Evaluate and Make Recommendations on Potential Improvements to the BPO Manual Review.

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Recommendation 1: FCC Should Finalize Its Nonprocurement Rule to Develop a Robust Suspension and Debarment (S&D) Program.

Why This Recommendation Matters

Suspensions and debarments are administrative remedies used to prevent and protect the Government from working with parties who are not “presently responsible”—i.e., those that have engaged in criminal or other improper conduct, or demonstrated serious poor performance of such a compelling and serious nature that it would lead one to question their honesty, ethics, or competence. Federal agencies, exercising their inherent authority as consumers of goods and services, lessors, or awarding officials, use these remedies to exclude these parties from obtaining new federal contracts and certain subcontracts (procurement), or any other transaction, regardless of type, including grants, contracts of assistance and subsidies (nonprocurement).

FCC subsidy programs are generally considered to be nonprocurement transactions. FCC’s existing S&D program is limited to convictions of certain crimes or civil judgements or settlements with admission of liability arising out of activities associated with or related to the four USF programs.¹ FCC’s current nonprocurement program does not take full advantage of the protections afforded by the governmentwide system. Further, existing FCC S&D actions are limited to FCC programs. This scope contrasts with the governmentwide system in which a suspended or debarred party is prohibited from participating in new procurement or nonprocurement transactions governmentwide.

The Commission published a proposed S&D rule in the Federal Register on January 14, 2020, that would address this recommendation. Adopting OMB guidelines to Agencies on Governmentwide Debarment and Suspension (Non Procurement), at 2 C.F.R. Part 180, would allow FCC to protect its programs by prohibiting participation by excluded parties (e.g., parties found to have lied, cheated, or stolen in other contexts). It would also protect other agency programs by stopping fraudsters, poor performers, and those who are otherwise not responsible stewards of federal funds from defrauding or misusing other federal programs.

FCC OIG Sources

[FCC OIG September 30, 2024, SAR](#), pgs. 24-25.

[Top Management and Performance Challenges for FCC FY 2025](#), pg. 20.

Recommendation 2: FCC Should Adopt the Mandatory Disclosure Provision from the Updated Uniform Guidance For Federal Financial Assistance.

Why This Recommendation Matters

OI investigations have shown that FCC’s program partners frequently are among the first to learn of threats to program integrity, including fraud, but rarely proactively share such information with the agency or FCC OIG. Moreover, FCC rules do not uniformly require subsidy program partners to disclose or report fraud to the Commission and FCC OIG.

¹ 47 C.F.R. § 54.8(c).

In April 2024, OMB updated its Uniform Guidance for Federal Financial Assistance to incorporate anti-fraud provisions highly recommended by the Inspector General community, including the mandatory disclosure provision below.²

An applicant, recipient, or subrecipient of a Federal award must promptly disclose whenever, in connection with the Federal award (including any activities or subawards thereunder), it has credible evidence of the commission of a violation of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 of the United States Code or a violation of the civil False Claims Act (31 U.S.C. 3729-3733). The disclosure must be made in writing to the Federal agency, the agency's Office of Inspector General, and pass-through entity (if applicable). Recipients and subrecipients are also required to report matters related to recipient integrity and performance in accordance with Appendix XII of this part. Failure to make required disclosures can result in any of the remedies described in § 200.339. (See also 2 C.F.R. part 180, 31 U.S.C. 3321, and 41 U.S.C. 2313.)

This provision mirrors the longstanding disclosure requirements for contractors under the Federal Acquisition Regulation (FAR) 52.203-13, which has had demonstrated success in protecting federal procurement funds from fraud, waste, and abuse. Adoption of this recommendation will require program partners to do more to deter and address fraud and abuse and assist the Commission and FCC OIG to quickly identify and respond to threats to program integrity.

Recently, USAC revised its whistleblower webpage, which provides important information to those seeking to report fraud, waste, or abuse in USF programs, to incorporate language mirroring the mandatory disclosure provision.³ This is an important first step. We urge the Commission to consider additional ways of making the mandatory disclosure provision binding on all FCC partners. For example, FCC should consider requiring partners to certify their compliance with the provision when applying to participate in FCC programs and when they claim FCC reimbursements.

FCC OIG Sources

[Top Management and Performance Challenges for FCC FY 2025](#), page 19.

Recommendation 3: FCC Should Create an Online Competitive Bid Repository for E-Rate Program Bidding Documents.

Why This Recommendation Matters

OI investigations have demonstrated the lack of transparency in the competitive bidding process for E-rate services can lead to program integrity risks, including a lack of competition, conflicts of interests among consultants and applicants, and bid and contract document fabrication.

In January 2017, following a GAO review and an internal USAC risk assessment, OI recommended that FCC adopt a process by which USAC would collect and release E-rate program competitive bidding

² 2 C.F.R. § 200.113.

³ [USAC Whistleblower Alert Webpage](#)

documents. In August 2020, OI further recommended that FCC adopt a standardized service provider bid response form to assist applicants in reviewing and selecting the best and most cost-effective bid.

A real-time, centralized, electronic collection of pre-award bids and bid selections would (1) enhance transparency and potentially lead to cost-savings through increased fair and open competition among E-rate service providers; (2) reduce applicant questions and confusion, lessening the need to divert needed education funds to pay for professional consultants; and (3) facilitate more robust enforcement of the laws designed to protect the E-rate program's public procurement process, including the investigation and prosecution of antitrust and other crimes.

FCC OIG Sources

[FCC OIG September 30, 2024, SAR, pg. 24.](#)

[FCC OIG March 31, 2020, SAR, pgs. 13-15.](#)

[Kentucky Businessman Pleads Guilty to Decade-Long Scheme to Defraud](#)

Recommendation 4: FCC Should Require Households to Independently Verify Their New Low-Income Program Enrollments and Transfer Requests Through an Affirmative Response to a Text, Email or Other Outreach Using the Contact Information Included in Subscriber Application.

Why This Recommendation Matters

OI investigations and consumer complaint analyses identified patterns of fraud related to consumers who reported they were enrolled by Lifeline or ACP service providers without their knowledge or consent and never received the subsidized service. Other consumers allege their Lifeline or ACP service was transferred away from their preferred provider by another Lifeline or ACP provider without their consent and they stopped receiving supported service. Moreover, FCC OIG analyses of consumer enrollment data, including consumer email and phone contact information furnished to the National Verifier and the National Lifeline Accountability Database (NLAD) by participating providers show enrollment information was frequently inaccurate or incomplete.

Requiring consumers to confirm their enrollment using the contact information furnished during the application process would help address fraudulent program enrollments, transfers, and the provision of non bona fide consumer email and phone contact information, to include instances of identity theft. Many commercial entities already regularly require new customers to verify their identity and the contact information they supply when creating online accounts—FCC and USAC's data systems should be no different.

FCC OIG's overarching goals with this recommendation are to highlight fraudulent FCC Lifeline enrollments and transfers and the provision of phony consumer data to federal databases, and to help prevent, identify, and address fraud and identity theft. We recognize FCC and USAC may devise alternative strategies to address these serious problems. FCC should carefully consider implementing independent verification of enrollment/transfer requests and consumer data as critical to addressing these threats.

FCC OIG Sources

[FCC OIG March 31, 2022, SAR](#), pg. 16.

[Total Call Mobile Agrees to Pay \\$30 Million and A Permanent Ban For Defrauding Government Program Offering Discounted Mobile Phone Services To Low-Income Consumers](#)

[Sentence Begins for Detroit Man who Conducted \\$11 Million State Benefits Scam](#)

[FCC OIG Advisory Regarding Deceptive Enrollment Practices](#)

Recommendation 5: FCC Should Require Low-Income Program Participating Providers to Report Consumer Usage Data When Seeking Monthly Reimbursements for FCC Program Service.

Why This Recommendation Matters

Some of OI's most significant investigations involve participating providers that request and collect reimbursements for providing telephone or broadband services that were never used by a qualifying consumer, while certifying that the subsidies are for service meeting the usage requirements. Such conduct violates program rules aimed at reducing waste, and FCC OIG analyses confirm provider compliance with program usage requirements saves substantial program funds. Requiring providers to report consumer usage when seeking reimbursement would deter improper claims and enable the Commission to validate provider certifications of compliance with program rules.

On September 28, 2023, OI issued an advisory to describe its growing concern that data and other evidence strongly suggested dozens of participating ACP mobile broadband providers were not complying with FCC's usage and de-enrollment requirements. OI's concern originated from an investigation that resulted in an ACP provider voluntarily repaying \$44.5 million after it improperly claimed reimbursement on behalf of subscribers who had not used their ACP service. More recently, in October 2024, a major Lifeline provider and its CEO [pleaded guilty](#) to conspiring to defraud the Lifeline program in connection with a usage-related scheme and agreed to pay nearly \$110 million in restitution. The size of these repayments clearly demonstrates the gravity of this problem.

FCC and USAC already perform significant work to assess usage compliance. For example, following our September 2023 advisory, the Commission immediately directed USAC to revise its methodology for proactively monitoring provider claims and de-enrollment data and to increase the frequency and scope of program integrity reviews to ensure compliance with program usage rules. In addition, the agency requested that USAC conduct additional monthly de-enrollment checks related to non-usage. Yet, program data and our ongoing investigations continues to indicate significant provider noncompliance with program usage rules persists, resulting in millions of dollars at risk of fraud and improper payments.

In response, FCC submitted a closeout request for this recommendation, and noted that any new requirement for providers to submit usage reports with monthly claims will require public notice and a rulemaking. As noted above, FCC OIG is not vested in a particular solution to the issue we identified,

but rather, welcomes any approach that addresses this problem. We will continue to coordinate with the Commission as it works to address this recommendation.

FCC OIG Sources

[FCC OIG March 31, 2020, SAR](#), pg. 13.

[FCC OIG March 31, 2022, SAR](#), pg. 16.

[FCC OIG Advisory on ACP Provider Usage & De-enrollment Rule Noncompliance](#), September 2023

[Nationwide Telecommunications Provider and CEO Plead Guilty to Massively Defrauding Federal Program](#)

Recommendation 6: FCC Should Enforce Program Rules That Require Low-Income Program Participating Providers to Timely and Accurately Register All Enrollment Representatives In RAD and Report Their Enrollment Related Activity.

Why This Recommendation Matters

USAC implemented the Representative Accountability Database (RAD) in 2020 to identify and block enrollment representatives who engage in fraudulent or abusive enrollment activity. For USAC's process to work, providers must first comply with program rules and register their enrollment representatives in RAD. OI investigations and analyses since 2021 reveal many Lifeline and ACP providers that employ enrollment representatives routinely failed to register all their enrollment representatives or report their enrollment activity in RAD despite program rules requiring both. This results in FCC's inability to connect misconduct with particular individuals and entities, or to hold them accountable. OI informed FCC and USAC of these concerns and shared clear warning letters our office previously issued to several large providers. These warning letters describe evidence indicating those providers failed to register their enrollment representatives in RAD even though those providers regularly used enrollment representatives to verify subscriber eligibility and enroll subscribers.⁴ Providers that fail to register their enrollment representatives necessarily have no way to report subsequent enrollment activity as required by program rules.

Enforcement of existing RAD registration rules would significantly enhance deterrence of fraudulent or abusive enrollments by providers' enrollment representatives, and support efforts to investigate and prosecute those who engage in fraud and providers that encourage or tolerate improper conduct. USAC's lock outs of enrollment representatives who created applications with duplicate Benefit Qualifying Person information or who engaged in transfer exception abuse clearly demonstrate the importance of ensuring all provider enrollment representatives are registered in RAD. Without the enrollment representatives' initial registration in RAD, USAC would have been unable to identify the fraudsters and prevent them from causing further program losses. It is critical that FCC ensure all provider enrollment representatives are registered in RAD.

⁴ One major ACP provider registered nearly 10,000 enrollment representatives in response to a warning letter OI issued.

In response, FCC submitted a closeout request for this recommendation. We will continue to work with the Commission as it seeks to resolve the challenge illustrated by this recommendation, to include how best to ensure compliance with the registration and reporting requirements necessary to achieve accountability.

FCC OIG Sources

[FCC OIG March 31, 2022, SAR](#), pgs. 14, 16-17.

[FCC OIG September 30, 2023, SAR](#), pg. 14.

[Top Management and Performance Challenges for the FCC FY 2025](#), pg. 18.

National Verifier Manual Review Recommendations

The remaining recommendations relate specifically to the National Verifier manual review process (manual review). A significant number of households deemed eligible to participate in FCC's low-income programs like ACP and Lifeline were approved by manual review. For example, OIG analyses show more than 4.7 million EBB and ACP enrollments and transfers were approved by the manual review. The manual review must therefore serve as an effective roadblock to fraud and abuse in the programs it serves.

After conducting a special review of the National Verifier's manual review, on October 18, 2023, OI made five recommendations to improve the integrity and effectiveness of the process. Specifically, OI's review found the Business Process Outsourcing (BPO) vendor that conducts the manual review on USAC's behalf failed to detect fabricated documents submitted as part of applications that were approved for program enrollment. OI's review also identified more fundamental errors made by the BPO reviewers, including the approval of applications that were missing information essential to determine program eligibility. As noted below, additional details can be found in FCC OIG's March 31, 2024, semiannual report.⁵

On December 15, 2023, FCC reported that it would adopt changes to address OI's five recommendations. Thus far, FCC resolved two. First, USAC developed a process to record important information related to the document review. Specifically, reviewers now record the eligibility and identity documents used for application approval. Additionally, FCC and USAC further enhanced manual review recordkeeping to capture other important assessments made by application reviewers. Second, USAC developed a process to export applications and supporting documents as a single unit. This will facilitate review, analysis and investigation by OI and other stakeholders, including FCC's Enforcement Bureau. The following three related recommendations remain outstanding.

⁵ FCC OIG's January 2024 ACP audit determined USAC had inadequate controls for the manual review.

Recommendation 7: National Verifier Applications Should be Closed Once a Fabricated or Fraudulent Proof is Confirmed.

Why This Recommendation Matters

Currently, USAC allows applicants to amend their National Verifier applications an unlimited number of times. This practice is also applied to applicants who submit fabricated eligibility or identity proofs. Applications containing fabricated proofs should be closed as the consumer, or as many OI investigations show, the provider's enrollment representative, already demonstrated an intent to defraud the program by submitting forged documents. Qualified low-income households have no need to fabricate proofs for approval, and fraudsters should not be given a second chance to defraud the program.

Recommendation 8: USAC Should Utilize Optical Character Recognition (OCR) Software to Identify Other Examples of Fraudulent Documents.

Why This Recommendation Matters

USAC relies solely on BPO reviewers to spot and escalate suspicious documents for further scrutiny even though USAC's own quality assurance reporting indicates reviewers miss suspicious documents. OI investigations and USAC's enrollment representative lockout log show strong evidence that fabricated documents are routinely re-used to support multiple fraudulent applications. Incorporating the use of OCR technology could mitigate the risks of relying solely on human reviewers to detect fabricated documents.

While preparing this report, we updated this recommendation to urge FCC and USAC to consider leveraging additional technologies to identify fraud and improve the integrity of the manual review. During subsequent discussions with the Commission, we learned USAC recently contracted with a vendor to acquire and leverage OCR and other fraud detection tools to use in the manual review. This is an important first step, and we will continue to report on USAC's progress as it develops these important tools.

Recommendation 9: FCC/USAC Should Hire an Expert to Evaluate and Make Recommendations Regarding Potential Improvements to the BPO Manual Review.

Why This Recommendation Matters

FCC should engage an outside entity to audit and evaluate the BPO manual review to pinpoint other vulnerable elements of the manual review to ensure USAC utilizes current best practices and technologies. OI's limited review easily identified a number of vulnerabilities and weaknesses. An expert will better help USAC identify additional problems and comprehensively remediate any deficiencies.

FCC OIG Sources

[FCC OIG March 31, 2024, SAR](#), pgs. 13-16.

[FCC OIG Report on the Performance Audit of the Affordable Connectivity Program](#), pgs. 6, 13, 19.