



# Public Service Commission of Wisconsin

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FOR IMMEDIATE RELEASE

December 1, 2011

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## **Public Service Commission Takes Action to Investigate Potential Fraud**

*3-person commission votes unanimously to provisionally revoke carrier's eligibility to receive Universal Service Funding*

Madison, WI—A telecommunications carrier had its designation as an eligible telecommunications carrier provisionally revoked, and its certificate to operate in Wisconsin will be investigated after concerns about fraud were identified by the Public Service Commission of Wisconsin. Midwestern Telecommunications, Inc. (MTI), an Illinois-based company offering Lifeline and Link-Up services in Wisconsin, will not be eligible to receive reimbursement from the state or federal Universal Service Fund (USF) while the Commission investigates its practices. This determination was made after Public Service Commission staff found numerous potential violations of state and federal requirements, which could constitute waste, fraud, and abuse of USF dollars.

On November 23, 2010 the Commission granted MTI a waiver to offer Lifeline service to low-income, prepaid wireless customers on the condition that the company meet certain reporting, verification, and activation standards to ensure reimbursement funds from the USF were being obtained consistent with the requirements of the program. After MTI's responses to data requests issued by Public Service Commission staff revealed examples of what appear to be forged applications, potential evidence of ineligible participants, and failed verification, the Public Service Commission voted unanimously to provisionally revoke MTI's eligibility to receive funding from the USF program pending completion of a formal investigation.

Commission staff estimates show that MTI has gone from receiving approximately 1% of the state's federal Lifeline and Link-Up reimbursements in 2010 to 33.3% of every federal Lifeline and Link-Up dollar sent to Wisconsin in 2011. In the first eight months of 2011, MTI has received over \$4.4 million for Lifeline reimbursement. This significant increase, coupled with the specific examples identified by staff, provided sufficient evidence for the Commission to take action. The Commission also decided to refer the issues to the Wisconsin Department of Justice, the Department of Agriculture, Trade, and Consumer Protection and the Federal Communications Commission for further investigation. MTI will also be required to notify customers of potential changes to service as a result of the Commission's action.

“The Commission’s unanimous decision to take decisive action in light of the evidence collected so far shows that we are serious about rooting out waste, fraud, and abuse in federal programs,” said Commission Chairman Phil Montgomery.

“Wisconsin consumers pay more than \$125 million every year in to the federal Universal Service Fund,” said Commissioner Eric Callisto. “Our duty is clear. When confronted with evidence of fraud and impropriety at the expense of Wisconsin consumers paying in to the USF, we have no choice but to take action.”

“By revoking MTI’s certification and ETC status, we are sending a message that any evidence of fraud will be taken very seriously in this state,” said Commissioner Ellen Nowak. “Abuse of the Universal Service Fund, which is funded by our dollars through payment of telephone and mobile phone bills, will not be tolerated in Wisconsin.”

Today’s decision puts Wisconsin at the forefront of regulatory efforts to address potential USF fraud, a position that is being watched nationwide because similar concerns have been raised in other states. However, the Public Service Commission of Wisconsin is the first to address these issues directly.

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