

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Application of Easy Telephone)
Service Company for Designation as an)
Eligible Telecommunications Carrier in the) **File No. TA-2011-0164**
State of Missouri)

**STAFF REPORT AND WITHDRAWAL OF
STAFF RECOMMENDATION**

COMES NOW the Staff of the Missouri Public Service Commission and for its recommendation, states as follows:

1. On December 7, 2010 Easy Telephone Service Company (“the Company”), a wireless carrier, filed an application with the Missouri Public Service Commission seeking designation as an Eligible Telecommunications Carrier (“ETC”) for the purpose of receiving federal universal service fund support for low income customers through Lifeline and LinkUp programs.

2. On February 4, 2011, the Staff filed its Recommendation that the Application be approved as it appeared to comply with all of the Commission’s requirements for qualification as an eligible telecommunications carrier.

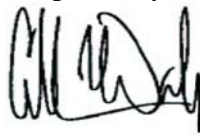
3. On February 17, 2011, the Staff received the attached e-mail (Appendix A). As this communication indicates a potential fraud that the Staff does not have the means to verify or refute, the Staff can no longer support ETC designation.

4. The Application states that it is filed pursuant to 47 USC §214(e). That section requires that, as to non-rural areas such as are described in this Application, the State Commission is required to designate at least two eligible telecommunications carriers. Having done so, the Commission is under no obligation to grant ETC status to the Applicant, even if it does meet all of the established criteria, because the Commission must find that each designation of an additional ETC is in the public interest. In addition, neither the federal statutes nor the regulations (47 CFR §§54.201 et seq.) set any time limit on the Commission’s deliberation as to whether the grant of ETC status is proper and in the public interest.

WHEREFORE, the Staff withdraws its recommendation that the Commission grant Easy Telephone Service Company’s Application to be designated an Eligible Telecommunications Service for the receipt of low-income support (including Lifeline and LinkUp support) from the

federal Universal Service Fund as a wireless telecommunications carrier and asks that this matter be closed without action. If the Company wishes to supplement its Application to sufficiently document the falsehood of the assertions in the Appendix, the matter will automatically reopen and the additional information can be reviewed.

Respectfully submitted,



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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 28th day of February, 2011.



From: Tanea Foglia [<mailto:tfoglia@usac.org>]

Sent: Thursday, February 17, 2011 11:40 AM

To: donna.chandler@psc.state.ms.us; Bob Casey; Sprenger, Anita - PSC; wjstevens@ky.gov; John.Garrison@psncuc.nc.gov; Parish, Dana

Subject: Telecom Service Bureau Whistleblower Allegation Received at USAC

Dear Colleagues,

I received the whistleblower Allegation below from **[Name 1]**. **[His/Her]** contact information is below. Even though the allegation takes place in **[State]**, I am sharing the background and allegations with all states in which a **[Company 1 Name]** company is an ETC or has an ETC designation pending (I highlighted the important points). Most of these allegations are outside of USAC's purview, but perhaps the states are interested in looking into the company's business practices. My primary concerns are that: (1) the company is claiming support for phones not distributed to Lifeline customers, (2) the company is willing to falsify certification forms, (3) these problems may exist in other states.

[Name 1] is happy to provide more information and does not wish to remain anonymous. **[Name 1]** flew to DC unannounced this morning to follow up with me in person regarding **[his/her]** experience with **[Company 1 Name]** if that gives you any indication of how seriously **[Name 1]** considers these allegations.

Whistleblower Information

[Name 1]

[Contact Information]

Background and Whistleblower Allegation

- **[Company 1 Name]** has several affiliated companies (**[Company 2 Name]**, **[Company 3 Name]**, **[Company 4 Name]**, Easy Telephone Service Company).
 - In **[State]**, **[Company 2 Name]** is designated as a wireless ETC.
 - DBA **[Company 2 DBA Name]**
 - For **[month]**, **[Company 2 Name]** claimed support for **[#]** Lifeline subscribers and **[#]** Link Up subscribers in **[State]**.
- **[Company 1 Name]** hired **[Name 1]**'s company, **[Company 5 Name]**, to distribute **[#]** prepaid wireless phones in **[City 1]** and **[City 2]** **[State]**.
 - **[Company 5 Name]** did not receive all of the phones
 - **[Company 5 Name]** distributed between **[#]** and **[#]** phones
 - **[Company 5 Name]** was to receive \$**[#]** per Lifeline customer enrolled
 - **[Name 2]** was the primary **[Company 1 Name]** contact
 - When **[Company 5 Name]** found an eligible applicant, they would call the information into **[Company 2 Name]** and have the customer complete a self-certification form
 - After not receiving several payments from **[Company 1 Name]**, **[Name 1]** contacted **[Company 1 Name]**.
 - On **[day/date]**, **[Name 2]** picked up **[#]-[#]** phones from **[Company 5 Name]**'s **[City 1]** office
 - Witnesses available
 - Expected recipients and social service agencies are unhappy phones have not been delivered
 - The certifications were at another location
 1. **[Name 1]** has applications for the phones

2. **[Name 2]** said that **[he/she]** didn't need the original certifications, **[Company 1 Name]** could "make them up if needed"
 - **[Name 1]** and **[Company 1 Name]** (**[Name 2]**, **[Name 3]**, and **[Name 4]**) have had several meetings and conference calls regarding the payment issues and certifications
 - **[Company 1 Name]** will not acknowledge in writing that they reclaimed the phones
 - **[Name 1]** notified **[Company 1 Name]** that **[he/she]** was going to whistle blow to USAC
 - **[Name 3]**, the **[Company 1 Name]** **[position]**, threatened to file a defamation suit against **[Name 1]**
- Prior to **[Company 5 Name]**, **[Company 1 Name]** contracted with **[Company 6 Name]** and **[Company 7 Name]** to distribute phones
 - **[Company 1 Name]** would not pay **[Company 6 Name]**
 - **[Company 6 Name]** sold phones to pawn shops
 - **[Company 1 Name]** allegedly collecting Lifeline for those phones
 - **[Company 6 Name]** contact is **[Name 5]**

Please feel free to contact me if you have any questions.

Regards,

Tanea Foglia
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