

# FCC Announces Plan to Create New Fraud Division, But Provides Few Details

February 4, 2019

On February 4, 2019, the FCC [announced](#) a plan to create a new division housed in its Enforcement Bureau, dedicated to prosecuting fraud in the agency's [Universal Service Fund](#) ("USF") programs. Citing to recent USF-related proposed fines and voluntary settlements, the FCC asserted that the creation of a specialized Fraud Division was necessary to combat misuse of funds under the High Cost, E-Rate, Lifeline, and Rural Health Care programs that make up the USF. The FCC's [brief, two-page Order](#) leaves many questions unanswered about the proposed Fraud Division's ambit and the status of the "USF Strike Force" that preceded it. However, the Order signifies that the FCC plans to redouble its fraud enforcement efforts in 2019 following [recent setbacks](#) on the USF rulemaking front. As a result, eligible telecommunications carriers and other recipients of USF support should keep a close watch as the scope and function of the new Fraud Division starts to take shape.

Under the FCC's proposal, the Fraud Division would be comprised of existing Enforcement Bureau staff reassigned from other divisions who currently work on USF-related investigations. Once established, the Fraud Division is expected to collaborate with the FCC's Office of the Inspector General, the Department of Justice, and other federal and state agencies to prosecute fraud involving USF programs. But beyond its proposed basic composition and collaborations, the FCC offered few details regarding how the new Fraud Division fits into its existing enforcement structure. For example, the Order provides no information regarding the anticipated size or leadership of the Fraud Division. The Order also does not explain whether the proposed Fraud Division would operate as a replacement for or some other evolution of the Enforcement Bureau's existing [USF Strike Force](#) established in 2014, which the FCC similarly charged with combating waste, fraud, and abuse in USF programs. In addition, the Order does not indicate what role, if any, the new Fraud Division would have in prosecuting violations involving other FCC-supported programs, such as the [Telecommunications Relay Services](#). Finally, unlike the other Enforcement Bureau divisions, which generally are organized around a broad subject matter (*e.g.*, spectrum, media), the new division would be organized around a particular violation: USF fraud. Thus, it remains to be seen how the new Fraud Division would operate in concert with its concomitant divisions during investigations and enforcement actions.

As the FCC's Fraud Division proposal involves internal Enforcement Bureau reorganization and does not alter existing regulations, it is not subject to notice and comment rulemaking. In accordance with [federal law](#), however, the Fraud Division will not be established until the FCC's reorganization plan receives approval from the White House Office of Management and Budget as well as both the House and Senate Appropriation Committees. The FCC did not provide a timeframe in which such approval is expected.