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Consumer Alert: Beware of unauthorized sale of TracFone's SafeLink cell phones and monthly minutes

Washington, DC – June 16, 2010 – The nation's utility consumer advocates today alerted consumers about the unauthorized sale of TracFone's Safelink product online, including wireless handsets and monthly minute allotments. Safelink is supposed to be available only to income-eligible customers.

Members of the National Association of State Utility Consumer Advocates (NASUCA) recently found advertisements from third-parties selling TracFone's Safelink product on Craigslist, the electronic bulletin board known for free local classified advertising.

"The unauthorized sale of TracFone's Safelink equipment and minutes through Craigslist means services may be transferred to ineligible consumers that should raise red flags for federal and state regulators," said David C. Bergmann, assistant Ohio consumers' counsel and chair of the NASUCA Telecommunications Committee. "Telephone consumers need to be assured that TracFone's products are only being utilized by low-income consumers authorized and eligible to receive federal Lifeline benefits."

TracFone's Safelink product is subsidized by the federal Universal Service Fund, a government-mandated program supported through charges on consumers' monthly local and long-distance telephone bills. A portion of the Universal Service Fund is used to make local telephone service affordable to low-income consumers through Lifeline programs, including TracFone's Safelink.

Lifeline programs have historically been offered by traditional landline telephone companies. Over the last two years, prepaid wireless companies – including TracFone – have requested

eligibility to receive money collected through the Universal Service Fund. While landline providers typically offer discounts off the price of local telephone service, TracFone uses the discount to cover the cost of a wireless handset and a specified number of minutes each month.

Lifeline discounts are meant to be used by income-eligible consumers after going through an application process directed by the telephone company offering the benefits.

“Craigslist and the buying public should just say ‘no’ to any offer permitting the unlawful transfer of Lifeline benefits to ineligible consumers,” said Bergmann.

NASUCA has called on the Federal Communications Commission and TracFone to ensure the integrity of its Lifeline programs and investigate the improper third-party sales through Craigslist and other message boards or auction websites.

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About the National Association of State Utility Consumer Advocates (NASUCA)

NASUCA is a non-profit, national organization of more than 40 state offices designated to represent consumers in state and federal utility proceedings. NASUCA regularly participates in proceedings before the Federal Communications Commission and other federal regulatory agencies.