



Former South Carolina School District Official Indicted For Role in Scheme to Defraud Federal E-Rate Program

4/20/2006 2:14:00 PM

To: National Desk

Contact: U.S. Department of Justice, 202-514-2007 or 202-514-1888 (TDD), Web: <http://www.USDOJ.gov>

WASHINGTON, April 20 /U.S. Newswire/ -- The Department of Justice announced today that a federal grand jury in Columbia, S.C. returned a 12-count indictment alleging that a former South Carolina school district official committed mail and wire fraud in a scheme to defraud the federal E-Rate program. The Department said that the charges stem from fraudulent applications for E-Rate funding that former technology director Cynthia K. Ayer submitted on behalf of Bamberg County School District One in Bamberg, S.C.

According to the indictment, which was returned yesterday, from April 1, 1999, until Feb. 1, 2003, Ayer used her position as the technology director of the school district to award technology contracts to her company, Go Between Communications, by submitting fraudulent applications for E-Rate funding of more than \$3.5 million to the Federal Communications Commission's (FCC) Universal Service Company (USAC) without a competitive bidding process. The indictment further charges that, as a result of her scheme to defraud the E-Rate program, Ayer fraudulently obtained \$468,496 in payments from USAC. The charges in the indictment include 10 counts of mail fraud and two counts of wire fraud.

"Committing fraud upon the E-Rate program harms already underprivileged school districts," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division. "The Antitrust Division will continue to vigorously pursue those who cheat the competitive process and take advantage of this federal program."

The E-Rate program subsidizes the provision of Internet access and telecommunications services, as well as internal computer and communications networks, to economically disadvantaged schools and libraries. The program was created by Congress in the Telecommunications Act of 1996 and is administered by the USAC, a non-profit corporation, under the auspices of the FCC.

Including today's filing, 11 individuals and 10 companies have been charged as part of the Antitrust Division's ongoing investigation into fraud and anti-competitive conduct in the E-Rate program. Six companies and three individuals have either pleaded guilty, agreed to plead guilty, or have entered civil settlements. The defendants have agreed to pay criminal fines and restitution totaling more than \$40 million. Two of the individuals have each been sentenced to serve six years in prison.

The mail fraud charges, 18 U.S.C. section 1341, carry a maximum penalty per count of five years in jail for violations committed before July 30, 2002, or 20 years in jail for violations committed on or after that date, as well as a \$250,000 fine and forfeiture of any property constituting or derived from the proceeds of the offense. The wire fraud charges, 18 U.S.C. section 1343, carry a maximum penalty per count of 20 years in jail, a \$250,000 fine, and forfeiture.

The charges announced today resulted from an ongoing federal investigation of fraud and anticompetitive conduct in the E-Rate program. The investigation is being conducted jointly by the Antitrust Division's Atlanta Field Office, the United States Attorney's Office for the District of South Carolina, and with the assistance of the Federal Communications Commission Office of Inspector General.

Anyone with information concerning fraud or anti-competitive conduct in the E-Rate program should contact the Atlanta Field Office of the Antitrust Division at 404-331-7100.

<http://www.usnewswire.com/>