



Department of Justice

FOR IMMEDIATE RELEASE
THURSDAY, MARCH 26, 2009
WWW.USDOJ.GOV

AT
(202) 514-2007
TDD (202) 514-1888

FORMER MICHIGAN SCHOOL OFFICIAL SENTENCED TO SERVE 46 MONTHS IN JAIL FOR ROLE IN FRAUD SCHEME

WASHINGTON – A former Michigan school official was sentenced to serve 46 months in jail and to pay \$1.34 million in restitution for his role in a fraudulent scheme to obtain millions of dollars from the Detroit-area Ecorse Public School District, the federal E-Rate program and TCF National Bank, the Department of Justice announced today.

Douglas Benit, a former assistant superintendent at Ecorse Public Schools (EPS), was sentenced in the U.S. District Court in Detroit today after pleading guilty on Nov. 24, 2008, to one count each of mail fraud and bank fraud. Douglas Benit and his wife, Mary Ann Elam Benit, were previously indicted by a federal grand jury in Detroit on May 23, 2006. Mary Ann Elam Benit is scheduled to be sentenced tomorrow.

“The children of the Ecorse Public School District as well as countless others around the nation rely on the federal E-Rate program to provide funding for internet access, telecommunication services, and computer and communication networks,” said Scott D. Hammond, Acting Assistant Attorney General in charge of the Department’s Antitrust Division. “Douglas Benit exploited his position as a trusted school official and lined his own pockets with money that should have gone to these deserving children.”

Among his duties at EPS, Douglas Benit was responsible for the management of the construction of multiple new facilities in the district. While hiding his affiliation with Coral Technology Inc. (Coral), an Ohio corporation under his control, Benit recommended to the school board the awarding of contracts to Coral, effectively steering those contracts to his own company. Funding for these contracts came from EPS general funds, EPS construction bond funds and the federal E-Rate program.

Additionally, Doug and Mary Ann Elam Benit obtained a \$200,000 line of credit from Minnesota-based TCF National Bank through the submission of loan application and supporting documentation which vastly overstated and misrepresented their personal and corporate assets and income.

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 Universal Service Administrative Company, a non-profit corporation, under the auspices of the Federal Communications Commission.

As a result of the Antitrust Division's investigation into fraud and anticompetitive conduct in the E-Rate program, a total of seven companies and 18 individuals have pleaded guilty or have been convicted and found guilty or entered civil settlements. Those companies and individuals have paid, agreed to pay, or been sentenced to pay criminal fines and restitution totaling more than \$40 million. Including today's sentence, 12 individuals have been sentenced to serve jail time.

The investigation was conducted jointly by the Antitrust Division's Cleveland Field Office and the Detroit office of the FBI. Anyone with information concerning fraud or anticompetitive conduct in the E-Rate program should contact the Cleveland Field Office of the Department's Antitrust Division at 216-687-8400.

###

09-276