



Department of Justice

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FORMER KANSAS BUSINESSMAN SENTENCED TO 57 MONTHS IN PRISON FOR ROLE IN SCHEME TO DEFRAUD FEDERAL E-RATE PROGRAM

WASHINGTON – A former owner of three Kansas computer service companies was sentenced to 57 months in prison for his role in a conspiracy to defraud the federal E-Rate program and for making a false statement to the U.S. Department of Housing and Urban Development (HUD), the Department of Justice announced today.

Leonard Douglas “Doug” LaDuron, former owner and president of Serious ISP Inc., Myco Technologies Inc. and Elephantine Corporation, also was ordered by Chief Judge Kathryn H. Vratil in the U.S. District Court in Kansas City, Kan., to pay \$238,607 in restitution. LaDuron pleaded guilty on June 29, 2009, to one count of conspiracy and one count of making a false statement. LaDuron was originally indicted on April 24, 2008.

According to court documents, LaDuron and his co-conspirators, Benjamin Rowner and Jay H. Soled, who are former owners of DeltaNet Inc., steered E-Rate contracts to their respective companies and devised a scheme to defraud the E-Rate program by submitting false statements and concealing material facts from the Universal Service Administrative Company (USAC), a non-profit corporation. The conspiracy, which began in 1999 and ran at least until 2003, affected at least 10 schools located across the country.

Additionally, in July 2003, LaDuron knowingly submitted a false statement to the Lawrence-Douglas County Housing Authority, HUD’s local administrator of the Housing Choice Voucher Program in Lawrence, Kan., when he forged an employee’s signature and submitted an inaccurate employment verification form.

The E-Rate program was created by Congress in the Telecommunications Act of 1996 and is administered by the USAC, under the auspices of the Federal Communications Commission (FCC). The program provides subsidies to economically disadvantaged schools and libraries. Depending on the financial needs of applicant schools, the program pays 10 to 90 percent of the cost for Internet access and telecommunications services, as well as internal computer and communications networks.

LaDuron’s co-conspirators, Benjamin Rowner and Jay H. Soled, pleaded guilty to their role in the conspiracy on July 10, 2008, and are scheduled to be sentenced Feb. 4, 2010. Mary Jo LaDuron, Doug LaDuron’s mother, pleaded guilty to making a false statement to the FBI and was sentenced on Oct. 13, 2009, to pay a \$3,743 fine.

Today's sentencing is a result of an investigation conducted by the Antitrust Division, the FBI, the HUD Office of Inspector General, and the FCC with assistance from the U.S. Attorney's Office for the District of Kansas. Anyone with information concerning violations of the E-Rate program or other anticompetitive conduct is urged to call the Antitrust Division's Chicago Field Office at 312-353-7530 or visit <http://www.justice.gov/atr/contact/newcase.htm>.

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