



Department of Justice

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TWO NEW JERSEY EXECUTIVES EACH SENTENCED TO 27 MONTHS IN JAIL FOR ROLES IN NATIONWIDE SCHEME TO DEFRAUD THE FEDERAL E-RATE PROGRAM

WASHINGTON – Former co-owners of a New Jersey-based computer services provider were each sentenced to 27 months in jail for participating in a conspiracy to defraud the federal E-Rate program, the Department of Justice announced today.

Benjamin Rowner and Jay H. Soled, former owners of DeltaNet Inc., were also each sentenced to pay \$271,716 in restitution, jointly and severally, to the Universal Service Administrative Company (USAC). They were sentenced by U.S. District Court Judge Blanche M. Manning in Chicago. Rowner and Soled pleaded guilty on July 10, 2008, to one count each of criminal conspiracy. According to court documents, Rowner and Soled, together with their co-conspirator, Leonard Douglas “Doug” LaDuron, conspired to defraud the E-Rate program by submitting false and misleading statements and concealing material facts from the USAC, a non-profit corporation. In some instances, these false statements were submitted by wire transmission, e-mail and U.S. mail. The department said that the conspiracy, which began in 1999 and ran at least until 2003, affected at least 13 schools across the country.

Rowner and Soled’s co-conspirator, LaDuron, former owner of Kansas area companies Serious ISP Inc., Myco Technologies Inc. and Elephantine Corporation, pleaded guilty in the U.S. District Court in Kansas City, Kan., on June 29, 2009, to one count of conspiracy to defraud the E-Rate program and one count of making a false statement to the U.S. Department of Housing and Urban Development. LaDuron was sentenced on Dec. 16, 2009, to serve 57 months in jail and to pay \$238,607 in restitution.

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.

Today’s sentencing is a result of an investigation conducted by the Antitrust Division’s Chicago Field Office, the FBI 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 related 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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