



Department of Justice

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OWNER OF ILLINOIS TECHNOLOGY COMPANY PLEADS GUILTY IN SCHEME TO DEFRAUD THE FEDERAL E-RATE PROGRAM

WASHINGTON - An owner of an Illinois-based technology company has pleaded guilty to participating in a conspiracy to defraud the federal E-Rate program, the Department of Justice announced today. Barrett C. White was originally charged in U.S. District Court in New Orleans on Nov. 18, 2010, for his role in the conspiracy to defraud the E-Rate program.

White pleaded guilty today in U.S. District Court in New Orleans to conspiring to defraud the E-Rate program by providing bribes and kickbacks to school officials in multiple states. The department said that White participated in the conspiracy beginning on or about February 2004 through August 2005. According to the court document, White offered and delivered bribes and kickbacks to school officials responsible for the procurement of Internet access services in return for E-Rate contracts to his co-conspirators' companies.

The E-Rate program was created by Congress in the Telecommunications Act of 1996 and is administered by the Universal Service Administrative Company, under the oversight of the Federal Communications Commission (FCC). The program provides subsidies to economically disadvantaged schools and libraries. Depending on the financial needs of the applicant schools, the program pays 20 to 90 percent of the cost for Internet access and telecommunications services, as well as internal computer and communications networks.

As a result of the Antitrust Division's investigation into fraud and anticompetitive conduct in the E-Rate program, including today's plea, a total of seven companies and 21 individuals have pleaded guilty, been convicted at trial or entered civil settlements. Those companies and individuals have been sentenced to pay criminal fines and restitution totaling more than \$40 million. Fifteen individuals have been sentenced to serve jail time.

White is charged with conspiracy, which carries a maximum penalty of five years in prison and a \$250,000 criminal fine for individuals. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either amount is greater than the statutory maximum fine.

The plea announced today resulted from an investigation by the Department of Justice Antitrust Division's Dallas Field Office, the FBI's Dallas Field Office and the FCC's Office of Inspector General, with assistance from the U.S. Attorney's Office for the Eastern District of Louisiana. Anyone with information concerning violations of the E-Rate program is urged to call the Antitrust Division's Dallas Field Office at 214-661-8600 or visit www.justice.gov/atr/contact/newcase.htm.

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