

UNITED STATES DISTRICT COURT EASTERN DISTRICT OF LOUISIANA

UNITED STATES OF AMERICA )
v. )
TYRONE PIPKIN )
Defendant. )

Criminal No. 10-325 A
Filed:
Violation: 18 U.S.C. § 371

PLEA AGREEMENT

The United States of America and Tyrone Pipkin ("defendant") hereby enter into the following Plea Agreement pursuant to Rule 11(c)(1)(B) of the Federal Rules of Criminal Procedure ("Fed. R. Crim. P."):

RIGHTS OF DEFENDANT

- 1. The defendant understands his rights:
(a) to be represented by an attorney;
(b) to be charged by Indictment;
(c) to plead not guilty to any criminal charge brought against him;
(d) to have a trial by jury, at which he would be presumed not guilty of the charge and the United States would have to prove every essential element of the charged offense beyond a reasonable doubt for him to be found guilty;
(e) to confront and cross-examine witnesses against him and to subpoena witnesses in his defense at trial;
(f) not to be compelled to incriminate himself;

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- (g) to appeal his conviction, if he is found guilty; and
- (h) to appeal the imposition of sentence against him.

**AGREEMENT TO PLEAD GUILTY  
AND WAIVE CERTAIN RIGHTS**

2. The defendant knowingly and voluntarily waives the rights set out in Paragraph 1(b)-(g) above. The defendant also knowingly and voluntarily waives the right to file any appeal, any collateral attack, or any other writ or motion, including but not limited to an appeal under 18 U.S.C. § 3742 or a motion under 28 U.S.C. §§ 2241 or 2255, that challenges the sentence imposed by the Court if the United States makes a downward departure motion from the applicable United States Sentencing Guidelines ranges as referenced in Paragraph 13 of this Plea Agreement, regardless of how the sentence is determined by the Court. This agreement does not affect the rights or obligations of the United States as set forth in 18 U.S.C. § 3742(b). Nothing in this paragraph, however, shall act as a bar to the defendant perfecting any legal remedies he may otherwise have on appeal or collateral attack respecting claims of ineffective assistance of counsel or prosecutorial misconduct. The defendant agrees that there is currently no known evidence of ineffective assistance of counsel or prosecutorial misconduct. Pursuant to Fed. R. Crim. P. 7(b), the defendant will waive indictment and plead guilty at arraignment to a one-count Information (attached) to be filed in the United States District Court for the Eastern District of Louisiana. Subsequent references to "this case" pertain to this Information. The Information will charge the defendant with conspiring to defraud the United States by impeding, impairing, obstructing and defeating the lawful functions of the Universal Service Administrative Company ("USAC"), its Schools and Libraries Division ("SLD"), and the Federal Communications

Commission ("FCC") to assist schools with obtaining affordable telecommunications and Internet access through an open and fair competitive E-Rate bid process in violation of 18 U.S.C. § 371.

3. The defendant has also been charged in an indictment filed in the Northern District of Florida, which charges him with one count of conspiracy to commit bribery in violation of 18 U.S.C. § 371 and two counts of bribery in violation of 18 U.S.C. § 666(a)(2), for similar conduct related to the E-Rate Program. The defendant will consent to transfer the case filed in the Northern District of Florida to the Eastern District of Louisiana for plea and sentencing.

4. The defendant, pursuant to the terms of this Plea Agreement, will plead guilty to the criminal charge described in Paragraph 2 above and will make a factual admission of guilt to the Court in accordance with Fed. R. Crim. P. 11, as set forth in Paragraph 5 below. The United States agrees that at the arraignment, it will not object to the release of the defendant on his personal recognizance, pursuant to 18 U.S.C. § 3142, pending the sentencing hearing in this case.

**FACTUAL BASIS FOR OFFENSE CHARGED**

5. Had this case gone to trial, the United States would have presented evidence sufficient to prove the following facts:

(a) In 1996, Congress passed the Telecommunications Act, which authorized the FCC to collect money from telephone users and spend that money on a program, titled E-Rate, to foster connectivity between schools, libraries, and rural health facilities and the Internet. The FCC utilizes a nonprofit corporation, USAC, to administer the program.

(b) USAC's SLD is responsible for daily oversight of the E-Rate program. As part of the E-Rate program, USAC provides money to eligible schools and libraries to pay a substantial portion of the cost of telecommunication services, Internet access, internal connections, and basic maintenance.

(c) The defendant participated in the E-Rate program with other coconspirators through a company called Computer Training and Associates ("CTA"), and through a company he co-owned called Global Networking Technologies, Inc. ("GNT").

(d) During E-Rate Funding Years 2002-2004, the defendant and Coconspirator A obtained E-Rate contracts for CTA and GNT at sixteen schools and school districts located throughout Arkansas, Illinois, Louisiana, Texas, and North Dakota: All Saints School (New Orleans, Louisiana); St. Augustine High School (New Orleans, Louisiana); St. David School (New Orleans, Louisiana); St. Monica School (New Orleans, Louisiana); Gould Public School District (Gould, Arkansas); Holly Grove Public School District (Holly Grove, Arkansas); Antioch Center - St. Stephen's Lutheran Church (Antioch, Illinois); Fairfield Center (Round Lake Beach, Illinois); Ingleside Center - Ingleside United Methodist Church (Ingleside, Illinois); St. Mary's Center - Libertyville Covenant Church (Libertyville, Illinois); Waukegan Center (Waukegan, Illinois); Zion Center - Zion Benton High School (Zion, Illinois); Niles Terrace Center (Waukegan, Illinois); Wilmer-Hutchins Independent School District (Dallas, Texas); Twin Buttes Elementary School (Halliday, North Dakota); and White Shield School (Roseglenn, North Dakota). The defendant and Coconspirator A obtained the foregoing E-Rate contracts by undermining and obstructing the competitive bid processes at those schools.

(e) In return for ceding control of the E-Rate bid process to CTA and

GNT, the defendant and Coconspirator A offered and delivered bribes to school officials responsible for the procurement of Internet access and related technology services. The defendant and Coconspirator A made or caused to be made the following payments to certain school officials: School Official A - \$20,000 (St. Augustine High School); School Official B - \$3,500 (St. Monica School); and School Official C - \$5,000 (Gould Public School District).

(f) The defendant knew that Coconspirator A directed Coconspirator B to pay the school officials from a bank account not readily associated with the defendant, Coconspirator A, CTA, or GNT.

(g) The defendant also submitted or caused to be submitted materially false and fraudulent documents to the SLD.

(h) The defendant and/or Coconspirator A waived required school co-pays at All Saints School and St. Monica School, in violation of E-Rate program rules.

(i) On behalf of CTA and GNT, the defendant and Coconspirator A invoiced, accepted, and retained payment from the SLD totaling approximately \$4.16 million in connection with the foregoing E-Rate contracts.

(j) During E-Rate Funding Years 2002-2003, the defendant and Coconspirator A defrauded the United States of America by undermining and obstructing the competitive E-Rate bid processes at Whole Word Christian Academy (Miami, Florida).

(k) Beginning in or about December 2001, and continuing thereafter through September 2005, the exact dates being unknown to the United States, in the Eastern District of Louisiana, and elsewhere, in connection with the foregoing E-Rate contracts, the defendant, did knowingly and willfully agree with other coconspirators to defraud the United States of America

by impeding, impairing, obstructing and defeating the lawful functions of USAC, the SLD, and the FCC to assist schools with obtaining affordable telecommunications and Internet access through an open and competitive E-Rate bid process, all in violation of Title 18, United States Code, Section 371.

**POSSIBLE MAXIMUM SENTENCE**

6. The defendant understands that the statutory maximum penalty which may be imposed against him upon conviction for a violation of Title 18, United States Code, Section 371 is:

- (a) a term of imprisonment for five years;
- (b) a \$250,000 fine, or a fine in an amount of not more than twice the gross pecuniary gain the conspirators derived from the crime or twice the gross pecuniary loss caused to the victims of the crime by the coconspirators; and
- (c) a term of supervised release of three (3) years following any term of imprisonment. If the defendant violates any condition of supervised release, the defendant could be imprisoned for up to one (1) year (18 U.S.C. § 3559(a)(4); 18 U.S.C. §§ 3583(b)(2) and (e)(3); and United States Sentencing Guidelines ("U.S.S.G.," "Sentencing Guidelines," or "Guidelines") § 5D1.2(a)(2)).

7. In addition, the defendant understands that:

- (a) pursuant to U.S.S.G. § 5E1.1 or 18 U.S.C. §§ 3663(a)(3) or 3583(d), the Court may order him to pay restitution to the victims of the offense; and
- (b) pursuant to 18 U.S.C. § 3013(a)(2)(A), the Court is required to order him to

pay a \$100 special assessment per count upon conviction.

**SENTENCING GUIDELINES**

8. The defendant understands that the Sentencing Guidelines are advisory, not mandatory, but that the Court must consider the Guidelines in effect on the day of sentencing, along with the other factors set forth in 18 U.S.C. § 3553(a), in determining and imposing sentence. The defendant understands that the Guidelines determinations will be made by the Court by a preponderance of the evidence standard. The defendant understands that although the Court is not ultimately bound to impose a sentence within the applicable Guidelines range, its sentence must be reasonable based upon consideration of all relevant sentencing factors set forth in 18 U.S.C. § 3553(a).

**SENTENCING AGREEMENT**

9. Pursuant to Fed. R. Crim. P. 11(c)(1)(B) and in an effort to assist the Court in its determination of the appropriate Sentencing Guidelines ranges, the United States and defendant agree that defendant's final adjusted offense level is calculated as follows:

- (a) under U.S.S.G. § 2C1.1(a)(2), the defendant is not a public official, and has a base offense level of 12 with respect to the charge in Paragraph 2 above;
- (b) pursuant to U.S.S.G. § 1B1.8, the self-incriminating information that the defendant provided to the United States regarding bribes with respect to E-Rate contracts at schools identified in Paragraph 5 may not be used against him, so further increases in the base offense level under U.S.S.G. § 2C1.1(b)(1) and (2) are not appropriate with respect to the charge in Paragraph 2 above;

- (c) the provisions of U.S.S.G. § 1B1.1(a)(1)-(3) will be applied with respect to the charge in the indictment referenced in Paragraph 3 above;
- (d) the provisions in U.S.S.G. Chapter 3, Part D, will be applied to determine the combined offense level of both cases referenced in Paragraphs 2 and 3;
- (e) the Acceptance of Responsibility adjustment in U.S.S.G. Chapter 3, Part E, will be applied to the combined offense level to determine the final adjusted level; and
- (f) the defendant has demonstrated a recognition and affirmative acceptance of responsibility for his criminal conduct and timely notified authorities of his intention to enter a plea of guilty, thereby reducing the combined offense level by two levels if the combined offense level is less than 16 and by three levels if the combined offense level is 16 or greater, pursuant to U.S.S.G. §§ 3E1.1(a)-(b).

10. The defendant understands that the Court will order him to pay a \$100 special assessment per count charged pursuant to 18 U.S.C. § 3013(a)(2)(A) in addition to any fine imposed.

11. The parties agree that there exists no aggravating or mitigating circumstance, of a kind or to a degree not adequately taken into consideration by the Sentencing Commission in formulating the Sentencing Guidelines, that should result in a departure under U.S.S.G. § 5K2.0. The parties agree not to seek or support any sentence outside of the advisory Guidelines range once the provisions in Paragraph 13 have been applied, nor any Guidelines adjustment for any reason, with the exception that the defendant is free to ask the Court to consider the factors set



forth in 18 U.S.C. § 3553(a) in determining and imposing sentence. The defendant understands that the United States may oppose the defendant's sentencing recommendation based on those factors.

12. Defendant understands that the sentence to be imposed on him is within the sole discretion of the sentencing judge. The United States cannot and does not make any promises or representations as to what sentence defendant will receive. Defendant understands that, as provided in Fed. R. Crim. P. 11(c)(3)(B), if the Court does not impose a sentence consistent with the stipulations and recommendations in this Agreement, he nevertheless has no right to withdraw his guilty plea. However, the United States will inform the Court and the Probation Office of (a) this Agreement; (b) the nature and extent of defendant's activities with respect to this case and all other activities of defendant which the United States deems relevant to sentencing; and (c) the timeliness, nature, extent, and significance of defendant's cooperation and his commitment to prospective cooperation with the United States. In so doing, the United States may use any information it deems relevant, including information provided by defendant both prior and subsequent to the signing of this Agreement. The United States reserves the right to make any statement to the Court or the Probation Office concerning the nature of the criminal violation charged in the attached Information, the participation of defendant therein, and any other facts or circumstances that it deems relevant. The United States also reserves the right to comment on or to correct any representation made by or on behalf of defendant, and to supply any other information that the Court may require.

13. Subject to the full and continuing cooperation of the defendant, as described in Paragraph 16 of this Plea Agreement, and prior to sentencing, the United States agrees that it will

make a motion, pursuant to U.S.S.G. § 5K1.1, for a downward departure from the U.S.S.G. imprisonment and fine ranges for the final adjusted offense level. The United States is free to recommend or argue for any specific departure to the Court under U.S.S.G. § 5K1.1.

14. Defendant acknowledges that the decision whether he has provided substantial assistance in any investigations or prosecutions is within the sole discretion of the United States. It is understood that should the United States determine that defendant has not provided substantial assistance in any Federal Proceeding, such a determination will release the United States from any obligation to file a motion pursuant to U.S.S.G. § 5K1.1, but will not entitle defendant to withdraw his guilty plea once it has been entered. Defendant further understands that whether or not the United States files a motion pursuant to U.S.S.G. § 5K1.1, the sentence to be imposed on him remains within the sole discretion of the sentencing judge, and the defendant has no right to withdraw his plea of guilty.

15. Subject to the ongoing, full, and truthful cooperation of the defendant described in Paragraph 16 of this Plea Agreement, and before sentencing, the United States will fully advise the Court and the Probation Office of the fact, manner, and extent of the defendant's cooperation with the United States' investigation and prosecutions, all material facts relating to the defendant's involvement in the charged offense, and all other relevant conduct. To enable the Court to have the benefit of all relevant sentencing information, the United States may request, and the defendant will not oppose, that sentencing be postponed until his cooperation is complete.

**DEFENDANT'S COOPERATION**

16. The defendant will cooperate fully and truthfully with the United States in the prosecution of this case, the conduct of the current federal investigation of violations of federal criminal laws involving the E-Rate program, any other federal investigation resulting therefrom, and any litigation or other proceedings arising or resulting from any such investigation to which the United States is a party ("Federal Proceeding"). The ongoing, full, and truthful cooperation of the defendant shall include, but not be limited to:

- (a) producing all non-privileged documents, including claimed personal documents, and other materials, wherever located, in the possession, custody, or control of the defendant, requested by attorneys and agents of the United States;
- (b) making himself available for interviews not at the expense of the United States upon the request of attorneys and agents of the United States;
- (c) responding fully and truthfully to all inquiries of the United States in connection with any Federal Proceeding, without falsely implicating any person or intentionally withholding any information, subject to the penalties of making false statements (18 U.S.C. § 1001) and obstruction of justice (18 U.S.C. § 1503, *et seq.*);
- (d) otherwise voluntarily providing the United States with any non-privileged material or information, not requested in (a)-(c) of this paragraph, that he may have that is related to any Federal Proceeding; and
- (e) when called upon to do so by the United States in connection with any

Federal Proceeding, testifying in grand jury, trial, and other judicial proceedings, fully, truthfully, and under oath, subject to the penalties of perjury (18 U.S.C. § 1621), making false statements or declarations in grand jury or court proceedings (18 U.S.C. § 1623), contempt (18 U.S.C. §§ 401-02), and obstruction of justice (18 U.S.C. § 1503, *et seq.*).

**GOVERNMENT'S AGREEMENT**

17. Subject to the full, truthful, and continuing cooperation of the defendant, as described in Paragraph 16 of this Plea Agreement, and upon the Court's acceptance of the guilty plea called for by this Plea Agreement and the imposition of sentence, the United States will not bring further criminal charges against the defendant for any act or offense committed in the Eastern District of Arkansas, Eastern District of Louisiana, Northern District of Illinois, Northern District of Texas, or the District of North Dakota before the date of this Plea Agreement, that was undertaken in furtherance of his scheme to defraud the United States by offering bribes in exchange for controlling the E-Rate program at the schools and school districts listed in Paragraph 5(d). The parties agree that this Plea Agreement only relates to defendant's conduct as described in Paragraph 5. The nonprosecution terms of this paragraph do not apply to civil matters of any kind, to any violation of the federal tax or securities laws, to any crime of violence, to any schools or school districts not identified in Paragraph 5(d), or to any crimes committed within the E-Rate program in other states or in judicial districts not identified in Paragraph 17.

18. Subject to the full, truthful, and continuing cooperation of the defendant, as described in Paragraph 16 of this Plea Agreement, and upon the Court's acceptance of the guilty plea called for by this Plea Agreement and the imposition of sentence, the Atlanta Field Office of

the Antitrust Division will not bring further criminal charges against the defendant for any act or offense that was undertaken in furtherance of his scheme to defraud the United States by offering bribes in exchange for controlling the E-Rate program at Whole Word Christian Academy (Miami, Florida).

**REPRESENTATION BY COUNSEL**

19. The defendant has reviewed all legal and factual aspects of this case with his attorney and is fully satisfied with his attorney's legal representation. The defendant has thoroughly reviewed this Plea Agreement with his attorney and has received satisfactory explanations from his attorney concerning each paragraph of this Plea Agreement and alternatives available to the defendant other than entering into this Plea Agreement. After conferring with his attorney and considering all available alternatives, the defendant has made a knowing and voluntary decision to enter into this Plea Agreement.

**VOLUNTARY PLEA**

20. The defendant's decision to enter into this Plea Agreement and to tender a plea of guilty is freely and voluntarily made and is not the result of force, threats, assurances, promises, or representations other than the representations contained in this Plea Agreement. The United States has made no promises or representations to the defendant as to whether the Court will accept or reject the recommendations contained within this Plea Agreement.

**VIOLATION OF PLEA AGREEMENT**

21. The defendant agrees that, should the United States determine in good faith, during the period that any Federal Proceeding is pending, that the defendant has failed to provide full and truthful cooperation, as described in Paragraph 16 of this Plea Agreement, or has otherwise

violated any provision of this Plea Agreement, the United States will notify the defendant or his counsel in writing by personal or overnight delivery or facsimile transmission and may also notify his counsel by telephone of its intention to void any of its obligations under this Plea Agreement (except its obligations under this paragraph), and the defendant shall be subject to prosecution for any federal crime of which the United States has knowledge including, but not limited to, the substantive offenses relating to the investigation resulting in this Plea Agreement. The defendant agrees that, in the event that the United States is released from its obligations under this Plea Agreement and brings criminal charges against the defendant for any offense referenced in Paragraphs 17 and 18, the statute of limitations period for such offense will be tolled for the period between the date of the signing of this Plea Agreement and six (6) months after the date the United States gave notice of its intent to void its obligations under this Plea Agreement.

22. The defendant understands and agrees that in any further prosecution of him resulting from the release of the United States from its obligations under this Plea Agreement based on the defendant's violation of the Plea Agreement, any documents, statements, information, testimony, or evidence provided by him to attorneys or agents of the United States, federal grand juries, or courts, and any leads derived therefrom, may be used against him in any such further prosecution. In addition, the defendant unconditionally waives his right to challenge the use of such evidence in any such further prosecution, notwithstanding the protections of Fed. R. Evid. 410.

#### **ENTIRETY OF AGREEMENT**

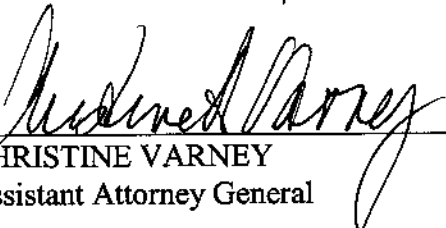
23. This Plea Agreement constitutes the entire agreement between the United States and the defendant concerning the disposition of the criminal charge in this case. This Plea

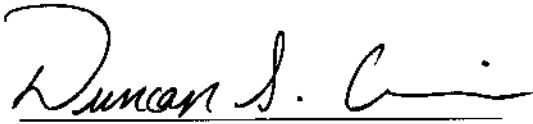
Agreement cannot be modified except in writing, signed by the United States and the defendant.

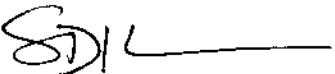
24. The undersigned attorneys for the United States have been authorized by the Attorney General of the United States to enter this Plea Agreement on behalf of the United States.

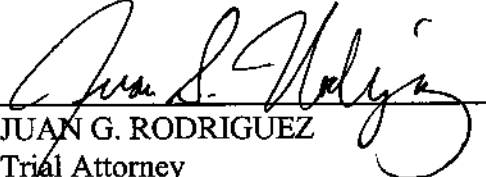
25. A facsimile signature shall be deemed an original signature for the purpose of executing this Plea Agreement. Multiple signature pages are authorized for the purpose of executing this Plea Agreement.


Dated: March 28, 2011

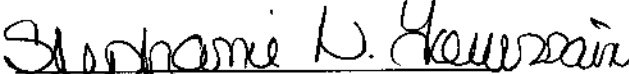
  
CHRISTINE VARNEY  
Assistant Attorney General

  
DUNCAN S. CURRIE  
Chief, Dallas Field Office

  
SCOTT D. HAMMOND  
Deputy Assistant Attorney General

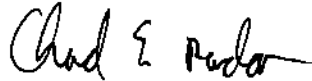
  
JUAN G. RODRIGUEZ  
Trial Attorney

  
JIM LETTEN  
United States Attorney for the  
Eastern District of Louisiana

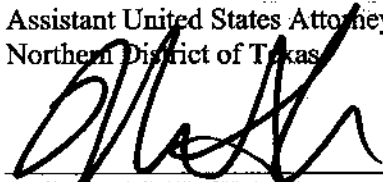
  
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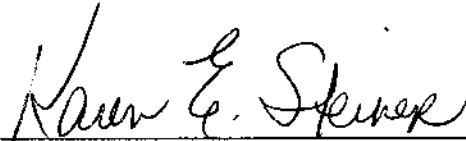
PATRICK HARRIS  
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CHAD MEACHAM  
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NICHOLAS W. CHASE  
(for TIMOTHY Q. PURDON)  
United States Attorney for the  
District of North Dakota



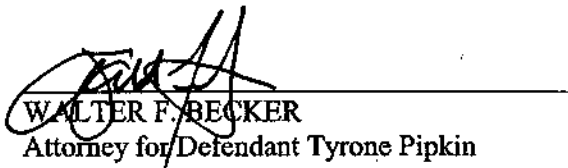
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(for NEZIDA DAVIS)  
Trial Attorney  
Atlanta Field Office, Antitrust Division



TYRONE PIPKIN  
Defendant

Dec. 22, 2010

Date



WALTER F. BECKER  
Attorney for Defendant Tyrone Pipkin

1-10-11

Date