



Department of Justice

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LOCAL BUSINESSMAN SENTENCED TO 5 YEARS IN PRISON FOR FRAUD & BRIBERY INVOLVING FEDERAL "E-RATE" FUNDS

Atlanta, GA - R. CLAY HARRIS, 56, of Peachtree City, Georgia, was sentenced today by United States District Judge Clarence Cooper on charges of bribery and conspiring to bribe a former Atlanta Public Schools (APS) official and to deprive APS and the citizens of Atlanta of that official's honest services.

"This defendant paid over two hundred thousand dollars in bribes to the technology director of Atlanta Public Schools in exchange for lucrative technology contracts," said David E. Nahmias, United States Attorney. "The sentence imposed in this case should serve as another warning that business people who think they can bribe their way into contracts with school systems and government agencies face the risk of being caught and convicted. In this case, both the school system employees who accepted the payoffs and the contractor who made the payoffs have now been convicted and will serve time in federal prison."

"Today's sentencing demonstrates the Department's resolve to hold accountable individuals who disrupt the competitive process and frustrate efforts to help our nation's economically disadvantaged school children," said Deborah A. Garza, Acting Assistant Attorney General in charge of the Department's Antitrust Division.

R. CLAY HARRIS was sentenced to 5 years in federal prison to be followed by 3 years of supervised release, and with two co-defendants was ordered to pay restitution of \$234,324.50.

According to United States Attorney Nahmias, the charges and other information presented in court: HARRIS was the CEO and majority owner of Multimedia Communications Services Corporation (MCSC), while co-conspirator Arthur Scott was the Director of APS's Operational Technology/Telecommunications Division, with responsibility for APS's technology infrastructure and for managing and overseeing APS's "E-Rate" program. Arthur Scott pleaded guilty to conspiracy and bribery charges

in May 2007, and is currently serving a sentence of three years in federal prison. Arthur Scott testified at trial against HARRIS.

The E-Rate program was created by Congress in 1996 to provide funding to connect needy schools to the Internet and was authorized to provide billions of dollars of funding to such schools. In 1998, Arthur Scott and other APS Information Services employees recommended that MCSC (and related companies) be awarded contracts to do E-Rate work for APS.

Evidence at trial showed that starting in late 2000 and continuing until late 2002, HARRIS paid M&S Consulting, a business partnership between Arthur Scott and his wife, Evelyn Myers Scott, over \$230,000 for favorable treatment in receiving E-Rate and other APS business. In January 2001, shortly after the corrupt payments began, Arthur Scott submitted E-Rate funding applications requesting over \$22 million for MCSC to provide equipment and services to APS, without competitive bidding.

The evidence showed that in September 2001, APS learned that E-Rate had approved and set aside \$11 million for MCSC projects. Arthur Scott testified at trial that he did virtually no work for HARRIS from that point forward, yet he continued to invoice HARRIS and got over \$200,000 in payments from HARRIS. During that same time period, HARRIS received over \$11 million in E-Rate funds for work at APS.

In January 2002, Arthur Scott submitted E-Rate funding applications requesting over \$16 million more for MCSC to provide equipment and services to APS, again without competitive bidding. HARRIS' payments to Scott stopped when HARRIS' company, MCSC, was forced to competitively bid for additional E-Rate work in December 2002 and was not selected by APS to conduct further work under the E-Rate program. Evelyn Myers Scott, the partner in M&S Consulting, pleaded guilty to a charge of conspiracy to deprive APS of her honest services in May 2007 and is currently serving a sentence of two years in federal prison. Evelyn Myers Scott also testified at trial against HARRIS.

This case was investigated by the Federal Bureau of Investigation and the Federal Communications Commission Office of the Inspector General. APS cooperated in the investigation.

Assistant United States Attorneys William McKinnon and Sally B. Molloy prosecuted this case, with the assistance of the Atlanta Field Office of the Antitrust Division.

For further information please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney, or Charysse L. Alexander, Executive Assistant United States

Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is www.usdoj.gov/usao/gan