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TRACEY CORDES, CLERK
U.S. DISTRICT COURT
WESTERN DISTRICT OF MICHIGAN
BY: EC /

UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

No.

1:09-cr-162

vs.

Hon.

**Janet T. Neff
U.S. District Judge**

BRADLEY JAMES HANSEN,

Defendant.

INDICTMENT

_____/

The Grand Jury charges:

COUNT 1

(Conspiracy to Commit Offenses Against the United States)

1. From in or about July 2001, and continuing at least through June 14, 2004, in the Western District of Michigan, Southern Division, and elsewhere, the Defendant,

BRADLEY JAMES HANSEN,

and unindicted Coconspirator A did knowingly and willfully combine, conspire, and agree together to commit offenses against the United States, that is,

- (a) Defendant, being an agent of the Montcalm Area Intermediate School District ("MAISD"), which received benefits of over \$10,000 in a one-year period under a Federal program involving a subsidy or other form of Federal assistance, corruptly accepted and agreed to accept certain free goods and services from unindicted Coconspirator A, valued at approximately \$60,000, intending to be influenced and

rewarded in connection with any business, transaction, or series of transactions of MAISD involving MAISD's procurement and receipt of Internet services involving \$5,000 or more and subsidized in part by the Federal E-Rate Program, in violation of Title 18, United States Code, Section 666(a)(1)(B);

- (b) Defendant and unindicted Coconspirator A devised and attempted to devise a scheme and artifice to defraud and deprive MAISD and the citizens of Michigan of the right to Defendant's honest services, performed free from deceit, favoritism, bias, self-enrichment, self-dealing, concealment, and conflict of interest, and, for the purpose of executing or attempting to execute the scheme and artifice to defraud and deprive, Defendant knowingly caused to be sent and delivered by mail according to the directions thereon, a package containing a Services Ordered and Certification Form 471 sent to the Schools and Libraries Division of the Universal Service Administrative Company sent via the United States Postal Service on or about January 14, 2002, which scheme is described more fully below, in violation of Title 18, United States Code, Sections 1341 and 1346.

BACKGROUND

At all times relevant to this Indictment, unless otherwise indicated:

2. MAISD is an agency of state government, whose offices are located at 621 New Street, Stanton, Michigan 48888.
3. From approximately October 1993, to January 1, 2003, Defendant was an agent of MAISD, serving as its Superintendent.

4. In his position as Superintendent of MAISD, Defendant owed a duty to MAISD and the citizens of Michigan to provide them with his honest services in carrying out his job responsibilities. Defendant's responsibilities included, but were not limited to, the procurement of Internet access and related technology services by entering into contracts with service providers on behalf of MAISD.

5. MAISD's policy manual, in effect at the time of Defendant's employment, provided, among other prohibitions, that "[n]o employee of [MAISD] will accept gifts from any person, group or entity doing, or desiring to do, business with the district." (MAISD Policy 403(5)).

6. In each one year period material to this Indictment, MAISD received benefits in excess of \$10,000 under Federal programs. Among its sources of Federal grants and assistance, MAISD received funding from the E-Rate Program. The Federal government created the E-Rate Program to provide subsidies to schools and libraries for use in obtaining Internet access and other telecommunications services. The E-Rate Program is administered by the Schools and Libraries Division ("SLD") of the Universal Service Administrative Company ("USAC").

7. E-Rate Program rules require that E-Rate Program applicants, such as MAISD, seek competitive bids, and follow state and local laws concerning competitive bidding when procuring services that will be subsidized by the E-Rate Program, in order to ensure that such services are obtained at competitive prices.

8. Once an applicant, such as MAISD, completes the competitive bidding process pursuant to state and local law and E-Rate Program rules, the applicant may choose a vendor to provide the services for which it is seeking funding through the E-Rate Program. The applicant

notifies the SLD of its chosen vendor and requests E-Rate Program funding to be applied toward that vendor's services using Federal Communications Commission ("FCC") Form 471, the "Services Ordered and Certification Form." At the time Defendant was responsible for procuring Internet access and related technology services on behalf of MAISD, the Form 471 required an E-Rate Program applicant to certify, among other things, that it has "complied with all applicable state and local laws regarding procurements of services for which support is being sought," and that it "has complied with all program rules and . . . that failure to do so may result in denial of discount funding and/or cancellation of funding commitments." Such certifications were to be mailed to the SLD in Lawrence, Kansas.

9. Unindicted Coconspirator A was the owner of Company A, which is in the business of providing Internet access and related technology services. Company A provided services to MAISD which were subsidized by the E-Rate Program, and Company A received over \$1.1 million from the E-Rate Program for providing subsidized Internet access to MAISD. In addition, Company A received over \$500,000 from MAISD toward these services during this time period.

10. Whenever in this Count reference is made to any act, deed, or transaction of Company A, such allegation shall be deemed to mean that Company A engaged in such act, deed, or transaction by or through its officers, agents, employees, or representatives, including Coconspirator A, while they were actively engaged in the management, direction, control, or transaction of its business or affairs.

MANNER AND MEANS OF THE CONSPIRACY

11. It was part of the conspiracy of which Defendant was a member for Defendant to

accept and receive certain free goods and services from unindicted Coconspirator A and Company A, including a "smart home" electrical system, other home electrical wiring, and appliances valued at approximately \$60,000. These goods and services influenced Defendant to enter into, and rewarded Defendant for entering into, a three-year Internet service contract with Company A on behalf of MAISD, as discussed below in Paragraph 12, and were not disclosed to MAISD.

12. It was also part of the conspiracy of which Defendant was a member for MAISD to enter into an Internet service contract with Company A and for Company A to receive payments pursuant to the contract; namely, a three-year Internet service contract, funded in part by the E-Rate Program, with a value of over \$1.6 million over three years, and signed by Defendant on behalf of MAISD on or about December 28, 2001, pursuant to which MAISD would apply for E-Rate Program funds for eligible Internet services over the course of the contract, and Company A would invoice and receive payments from MAISD and the SLD, from approximately July 2002 through approximately June 2005. E-Rate Program funding years begin on July 1st and end on June 30th of the following calendar year.

13. It was also part of the conspiracy of which Defendant was a member to defraud and deprive MAISD and the citizens of Michigan of their intangible right to Defendant's honest services through, among other means, Defendant's acceptance and receipt of certain free goods and services from Coconspirator A and Company A, which are described in more detail above in Paragraph 11. Unbeknownst to MAISD, Defendant accepted these goods and services for his own personal benefit in connection with an agreement to enter into the three-year Internet service contract referenced above in Paragraph 12.

OVERT ACTS

During the course of this conspiracy, in furtherance of the conspiracy and to effect the objects of the conspiracy and also in furtherance of concealment of the conspiracy at least one of the following overt acts, among others, was committed by one or more of the conspirators:

14. Between approximately July 2001 and March 2002, unindicted Coconspirator A offered, and Defendant agreed to accept, certain free goods and services referenced above in Paragraph 11, valued at approximately \$60,000, from Company A, intending to be influenced and rewarded in connection with Defendant's signing of the three-year Internet service contract referenced above in Paragraph 12.

15. On or about December 28, 2001, Defendant signed the three-year Internet service contract referenced above in Paragraph 12. MAISD's obligation to make payments for Internet access under the three-year Internet service contract was not conditioned on the SLD's approval of E-Rate Program funding toward this service, therefore, MAISD was required to make payments to Company A whether or not the E-Rate Program subsidized a portion of the service.

16. Without disclosing to MAISD or the SLD the approximately \$60,000 worth of free goods and services referenced above in Paragraph 11, which Defendant accepted and received for his own personal benefit from Company A, on or about January 14, 2002, Defendant signed a Services Ordered and Certification Form 471 and caused it to be submitted by U.S. mail to the SLD. Defendant signed such Form 471 in order to begin the approval process for E-Rate Program funding to be applied toward MAISD's Internet access from Company A, which was provided pursuant to the three-year Internet service contract referenced above in Paragraph 12.

17. On or about September 17, 2002, Defendant signed a ten-year tower lease

agreement with Company A effective until September 17, 2012, pursuant to which Company A was permitted to occupy the top fifteen feet of four towers owned by MAISD during the term of the lease, and was granted the exclusive right to use certain unlicensed frequencies to the exclusion of other vendors. The signing of this ten-year lease agreement helped to lock-in Company A as MAISD's Internet service provider by making it more difficult for other vendors to compete effectively with Company A to provide Internet access at reasonable prices to MAISD, not only during the term of the three-year Internet service contract referenced above in Paragraph 12, but until the exclusive agreement expires in 2012.

18. On approximately December 17, 2003, after MAISD began investigating the three-year Internet service contract referenced above in Paragraph 12, and the tower lease agreement referenced above in Paragraph 17, Defendant and unindicted Coconspirator A concealed from MAISD the approximately \$60,000 worth of free goods and services referenced above in Paragraph 11 to ensure that Company A would continue to receive payments under the three-year Internet service contract. To continue this concealment, unindicted Coconspirator A provided Defendant with an invoice for \$60,000 dated December 17, 2003, purportedly for the "smart home" electrical system, other home electrical wiring, and appliances, which invoice Defendant paid by check on or about the same date. Neither Defendant nor Coconspirator A revealed the true nature of the \$60,000 transaction to MAISD or the SLD.

19. Coconspirator A and Company A periodically invoiced MAISD and the SLD, and accepted the resulting payments, between approximately July 2002 through approximately June 2005, for Internet access subsidized through the E-Rate Program under the three-year Internet service contract referenced above in Paragraph 12. Such payments that Company A received and

accepted included a check from MAISD to Company A in the amount of \$14,019.90, dated June 9, 2004, which was deposited in Company A's bank account on or about June 14, 2004.

18 U.S.C. § 371

In Count 2, the Grand Jury incorporates specifically and by reference, as if restated and realleged herein, each of the foregoing allegations and assertions contained within Count 1.

COUNT 2
(Obstruction)

On or about September 14, 2007, in the Western District of Michigan, Southern Division,
the Defendant,

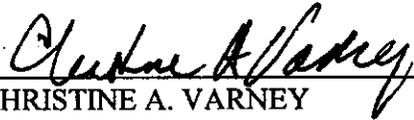
BRADLEY JAMES HANSEN,

corruptly attempted to obstruct, influence, and impede an official proceeding, that is a Federal grand jury investigation regarding potentially fraudulent E-Rate Program applications, when he falsely stated to an attorney employed by the Antitrust Division of the United States Department of Justice that the reason he delayed approximately two years before paying the \$60,000 discussed above in Paragraph 18 was a dispute between Defendant and Coconspirator A concerning the work performed by Coconspirator A and Company A and the price charged to Defendant for the work.

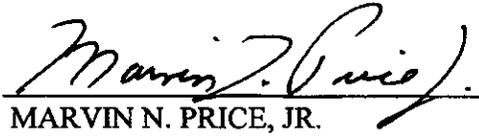
18 U.S.C. § 1512(c)(2)

A TRUE BILL

~~GRAND JURY FOREPERSON~~



CHRISTINE A. VARNEY
Assistant Attorney General
Antitrust Division
U.S. Department of Justice



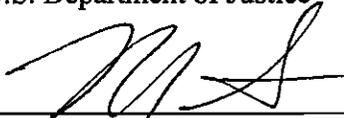
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