

U.S. DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA

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LORETTA G. WYATT
CLERK

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA

FELONY

UNITED STATES OF AMERICA

*

CRIMINAL DOCKET NO.

v.

*

VIOLATION: 18 U.S.C. § 371

GLORIA F. HARPER,

*

FILED:

SECT. J MAG. 5

*

Defendant.

* * *

INFORMATION

The United States charges that:

COUNT I

A. AT ALL TIMES MATERIAL HEREIN:

1. In 1996, the Federal government initiated a program to provide subsidies to schools and libraries for use in the purchase and installation of Internet access and telecommunications services as well as internal computer and communication networks ("E-Rate Program"). The E-Rate Program is administered under contract with the government by a not-for-profit company called the

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Universal Service Administrative Company ("USAC") and by a subdivision of USAC called the Schools and Libraries Division ("SLD"). The Federal Communications Commission ("FCC") oversees and regulates USAC.

2. One of the principal objectives of the E-Rate Program is to encourage economically disadvantaged schools to install and upgrade their Internet and communications infrastructure and to provide their students with access to the Internet as a learning tool. To this end, the Federal government offers to pay a large portion of the cost of each participant school's infrastructure enhancements where such schools meet the E-Rate Program's eligibility requirements.

3. One of the E-Rate Program's core requirements for participation is that each applicant school pay some percentage of the cost of the work funded by the program. The percentage that the applicant school must pay ranges from 10% to 80%, determined by financial need (hereinafter, the school's "co-pay"). The applicant schools are required to pay a portion of the costs so that schools have a financial incentive to negotiate for the best prices; so that spending under the E-Rate Program is not wasteful; and so that schools purchase only those infrastructure enhancements that they truly need. The government pays the balance of the cost, which ranges from as low as 20% to as high as 90%.

4. A second core requirement for participation in the E-Rate Program is that each applicant school must seek competitive bids for the work for which they are requesting E-Rate funding. An applicant school begins its participation in the E-Rate Program by filing an initial form with USAC entitled the "Universal Service

Program Description of Services Requested and Certification Form," also known as FCC Form 470. Form 470 lists the types of services or goods for which the applicant school will be seeking funding. The purpose of Form 470 is to initiate a competitive bidding process for the services and goods desired by the applicant school. After completing Form 470, the applicant school transmits it to USAC which posts the information from the form on the SLD website. The information posted on the SLD website may be accessed by any company interested in being selected as a service provider for the applicant school. To allow sufficient time for a competitive bidding process to occur, FCC rules require requests for goods and services to be posted on the SLD website for at least 28 days before the applicant school selects a service provider. To ensure an open and competitive bidding process, FCC rules forbid a service provider who participates in the bidding process as a bidder from completing the FCC Form 470 on behalf of an applicant school.

5. After the 28-day period has passed following an applicant school's filing of Form 470, the applicant school may choose a service provider and sign a contract with it to obtain eligible goods and services under the E-Rate Program. Once a contract with a service provider is signed, the applicant school must file another form with USAC, the FCC Form 471, by which the school actually seeks funding from the E-Rate Program for specific goods and services.

6. Once funding is approved by USAC, the applicant school must file at least one additional form before the service provider is eligible to receive payment from USAC under the E-Rate Program. This form, the FCC Form 486, is a

certification by the school to USAC that the school is receiving, is scheduled to receive, or has received the specified goods and services from the school's service provider. This form must be received by USAC before an invoice from the service provider will be paid.

7. After providing eligible goods and services to a school, the service provider must file a Service Provider Invoice Form ("FCC Form 474") with USAC to seek payment for goods and services provided in the amount previously approved by USAC. Before submitting this form, the service provider must have provided the goods and services for which payment is requested and the service provider must have billed the applicant school for the school's co-pay.

8. At all times relevant to the Information, defendant GLORIA F. HARPER acted on her own behalf and on behalf of Computer Training and Associates ("CTA") and Global Networking Technologies, Inc. ("GNT"). CTA was located in Illinois and owned by defendant GLORIA F. HARPER. GNT was located in Illinois and co-owned by defendant GLORIA F. HARPER. Principal activities of both companies included the provision of Internet access and related technology services to schools receiving E-Rate subsidies.

9. Coconspirator A co-owned GNT with defendant GLORIA F. HARPER.

10. Coconspirator B owned a company located in Illinois.

B. THE CONSPIRACY:

Beginning in or about December 2001, and continuing through in or about September 2005, the exact dates being unknown to the United States, in the

Eastern District of Louisiana and elsewhere, the defendant,

GLORIA F. HARPER

and other coconspirators did knowingly and willfully combine, conspire, confederate, and agree together with each other, and with other persons known and unknown to the United States, 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 fair competitive E-Rate bid process.

C. OBJECTS AND PURPOSES OF THE CONSPIRACY:

Among the objects and purposes of the conspiracy were to:

1. induce schools to select CTA and GNT as E-Rate service providers by controlling and subverting the bid processes;
2. offer and deliver bribes, kickbacks, and other gratuities to school officials and employees responsible for the procurement of Internet access and related technology services in return for E-Rate contracts;
3. submit materially false and fraudulent documents to the SLD;
4. invoice, accept and retain payment from the SLD for the E-Rate contracts routed to CTA and GNT; and
5. conceal the existence of the conspiracy from USAC.

D. WAYS AND MEANS TO ACCOMPLISH THE CONSPIRACY:

Among the ways and means by which the defendant, GLORIA F. HARPER, and her coconspirators carried out the conspiracy and scheme to defraud

were:

1. Defendant GLORIA F. HARPER and Coconspirator A controlled the E-Rate bidding processes at the schools and school districts below and ultimately ensured E-Rate contracts at these schools and school districts were awarded to CTA and GNT:

- a. All Saints School (New Orleans, Louisiana);
- b. St. Augustine High School (New Orleans, Louisiana);
- c. St. David School (New Orleans, Louisiana);
- d. St. Monica School (New Orleans, Louisiana);
- e. Gould Public School District (Gould, Arkansas);
- f. Holly Grove Public School District (Holly Grove, Arkansas);
- g. Antioch Center - St. Stephen's Lutheran Church (Antioch, Illinois);
- h. Fairfield Center (Round Lake Beach, Illinois);
- i. Ingleside Center - Ingleside United Methodist Church (Ingleside, Illinois);
- j. St. Mary's Center - Libertyville Covenant Church (Libertyville, Illinois);
- k. Waukegan Center (Waukegan, Illinois);
- l. Zion Center - Zion Benton High School (Zion, Illinois); and
- m. Niles Terrace Center (Waukegan, Illinois).

2. It was part of the conspiracy of which defendant GLORIA F. HARPER was a member to complete and submit to the SLD electronic versions of FCC Forms 470 and 471. Defendant GLORIA F. HARPER and Coconspirator A submitted those forms electronically using the Internet, often from computers used or controlled by the defendant and Coconspirator A. Their involvement with the completion and electronic submission of FCC Forms 470 and 471 was not disclosed to SLD.

3. It was part of the conspiracy of which defendant GLORIA F. HARPER was a member to fill out paper versions of FCC Forms 470, 471 and 486. Defendant GLORIA F. HARPER and Coconspirator A knowingly caused those forms to be sent and delivered to the SLD. Their involvement with the completion and submission of paper versions of FCC Forms 470, 471, and 486 was not disclosed to the SLD.

4. It was part of the conspiracy of which defendant GLORIA F. HARPER was a member to tell schools that applicant co-pays required by the SLD would be waived if the schools chose CTA or GNT as the schools' E-Rate Program service providers. Such waivers or promises of waivers were not disclosed to the SLD.

5. It was part of the conspiracy of which defendant GLORIA F. HARPER was a member to promise or provide bribes to officials and employees responsible for the procurement of Internet access and related technology services at certain schools in return for those individuals ceding control of the E-Rate

competitive bidding process to defendant and Coconspirator A. Defendant and Coconspirator A subsequently ensured E-Rate contracts at such schools were awarded to CTA and GNT.

6. It was part of the conspiracy of which defendant GLORIA F. HARPER was a member to disguise the true nature and source of the bribes. Defendant GLORIA F. HARPER directed Coconspirator B to pay school officials and employees from a bank account not readily associated with defendant GLORIA F. HARPER, Coconspirator A, or the defendant's companies.

7. It was part of the conspiracy of which defendant GLORIA F. HARPER was a member to direct Coconspirator B to pay school officials and employees and, in fact, Coconspirator B did pay school officials and employees.

8. It was part of the conspiracy of which defendant GLORIA F. HARPER was a member to periodically invoice the SLD for reimbursement on E-Rate contracts.

9. It was part of the conspiracy of which defendant GLORIA F. HARPER was a member to periodically accept and retain payments from the SLD as reimbursement on E-Rate contracts.

E. OVERT ACTS:

In furtherance of the conspiracy and to effect the unlawful objects thereof, defendant GLORIA F. HARPER and other coconspirators committed and caused to be committed the following acts in the Eastern District of Louisiana, and elsewhere:

1. On or about December 11, 2001, defendant GLORIA F. HARPER and Coconspirator A did knowingly cause to be sent and delivered to the SLD a paper version of FCC Form 470 for Funding Year 2002 at St. Augustine High School. The defendant's involvement in the preparation and submission of the FCC Form 470 was not disclosed to the SLD.

2. On or about January 16, 2002, defendant GLORIA F. HARPER and Coconspirator A did knowingly cause to be sent and delivered to the SLD a paper version of FCC Form 471 for Funding Year 2002 at All Saints School containing the forged signature of a school employee. The defendant's involvement in the preparation and submission of the FCC Form 471 was not disclosed to the SLD.

3. On or about October 27, 2002, defendant GLORIA F. HARPER and Coconspirator A did knowingly cause to be sent and delivered to the SLD a paper version of FCC Form 470 for Funding Year 2003 at St. Augustine High School containing the forged signature of a school employee. The defendant's involvement in the preparation and submission of the FCC Form 470 was not disclosed to the SLD.

4. On or about November 20, 2002, defendant GLORIA F. HARPER and Coconspirator A transmitted to the SLD an electronic FCC Form 470 seeking funding at St. Monica School for Funding Year 2003. This form was submitted from a computer owned, used or controlled by defendant GLORIA F. HARPER and/or Coconspirator A. The defendant's involvement in the preparation and submission of

the electronic version of the FCC Form 470 was not disclosed to USAC.

5. On or about January 14, 2003, defendant **GLORIA F. HARPER** and Coconspirator A transmitted to the SLD an electronic Form 471 seeking funding at Gould Public School District for Funding Year 2003. This form was submitted from a computer owned, used, or controlled by defendant **GLORIA F. HARPER** and/or Coconspirator A. The defendant's involvement in the preparation and submission of the electronic version of the FCC Form 471 was not disclosed to the SLD.

6. On or about January 29, 2003, defendant **GLORIA F. HARPER** and Coconspirator A faxed documents to the SLD requesting a change in E-Rate vendors from CTA to GNT at the following schools:

- a. Niles Terrace Center;
- b. Antioch Center - St. Stephen's Lutheran Church;
- c. Fairfield Center;
- d. Waukegan Center; and
- e. St. Mary's Center - Libertyville Covenant Church.

These documents contained forged signatures of a school executive.

7. On or about February 4, 2003, defendant **GLORIA F. HARPER** and Coconspirator A did knowingly cause to be sent and delivered to the SLD a paper version of FCC Form 471 for Funding Year 2003 at Ingleside Center - Ingleside United Methodist Church containing the forged signature of a school executive. The defendant's involvement in the preparation of the FCC Form 471 was

not disclosed to the SLD.

8. On or about November 19, 2003, defendant **GLORIA F. HARPER** and Coconspirator A did knowingly cause to be sent and delivered to the SLD a paper version of FCC Form 486 for Funding Year 2003 at Ingleside Center - Ingleside United Methodist Church containing the forged signature of a school executive. The defendant's involvement in the preparation and submission of the FCC Form 486 was not disclosed to the SLD.

9. From approximately February 2004 to August 2004, defendant **GLORIA F. HARPER** directed Coconspirator B, and Coconspirator B agreed, to pay bribes and kickbacks to school officials and employees from a bank account controlled by Coconspirator B:

- a. On or about February 6, 2004, Coconspirator B wrote and delivered or caused to be delivered a cashier's check payable to a St. Augustine High School employee in the amount of \$20,000;
- b. On or about July 19, 2004, Coconspirator B wrote and delivered or caused to be delivered a check payable to a St. Monica School employee in the amount of \$3,500;
- c. On or about August 18, 2004, Coconspirator B wrote and delivered or caused to be delivered a check payable to a Gould Public School District official in the amount of \$5,000.

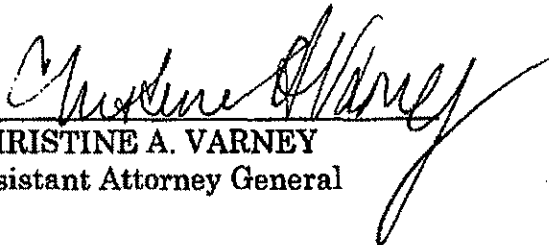
10. On or about June 20, 2005, defendant **GLORIA F. HARPER** and Coconspirator A transmitted to the SLD an electronic FCC Form 474 seeking reimbursement for E-Rate contract services at Zion Center - Zion Benton High School. This form was submitted from a computer owned, used, or controlled by defendant **GLORIA F. HARPER** and/or Coconspirator A.

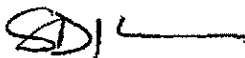
11. On or about August 29, 2005, defendant **GLORIA F. HARPER** and Coconspirator A accepted from USAC and the SLD electronic deposits totaling \$67,522.50, in connection with an E-Rate contract at St. David School.


12. On or about September 26, 2005, defendant **GLORIA F. HARPER** and Coconspirator A accepted from USAC and the SLD an electronic deposit in the amount of \$2,520.00, in connection with an E-Rate contract at Zion Center - Zion Benton High School.

13. From on or about January 3, 2003, through on or about September 26, 2005, defendant **GLORIA F. HARPER** and Coconspirator A invoiced and accepted payments from USAC and the SLD in excess of \$2,500,000.00 in connection with E-Rate contracts at the schools identified in Paragraph D.1 of Count One of this indictment.


All in violation of Title 18, United States Code, Section 371.

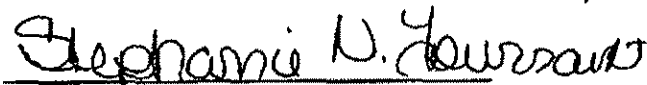

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