



**Federal Communications Commission
Enforcement Bureau
Investigations and Hearings Division
445 12th Street, SW, Suite 4-C330
Washington, D.C. 20554**

August 7, 2008

DA 08-1865

VIA CERTIFIED MAIL

RETURN RECEIPT REQUESTED AND FACSIMILE (415-773-5759)

Mr. William Holman
c/o Walter F. Brown, Jr., Esq.
Orrick, Herrington & Sutcliffe, LLP
The Orrick Building
405 Howard Street
San Francisco, CA 94105-2669

Re: Notice of Debarment, File No. EB-08-IH-1142

Dear Mr. Holman:

Pursuant to section 54.8 of the rules of the Federal Communications Commission (the "Commission"), by this Notice of Debarment you are debarred from the schools and libraries universal service support mechanism (or "E-Rate program") for a period of three years.¹

On May 19, 2008, the Enforcement Bureau (the "Bureau") sent you a Notice of Suspension and Initiation of Debarment Proceedings (the "Notice of Suspension")² as a result of your guilty plea and subsequent conviction of bid-rigging, in violation of 15 U.S.C. § 1, for your activities as former Vice President of NEC-Business Network Services ("NEC-BNS") in connection with the Ceria Travis Academy E-Rate project ("Project"). You responded through counsel on June 13, 2008,³ contesting certain language in the Notice of Suspension, specifically, that you "entered into and engaged in a conspiracy with NEC-BNS and other co-conspirators to suppress and eliminate competition by submitting non-competitive bids for the Project and taking steps to ensure

¹ See 47 C.F.R. §§ 0.111(a)(14), 54.8.

² Letter from Hillary S. DeNigro, Chief, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission, to Mr. William Holman, Notice of Suspension and Initiation of Debarment Proceedings, 23 FCC Rcd 8228 (Inv. & Hearings Div., Enf. Bur. 2008) (Attachment 1); see 73 Fed. Reg. 36082 (Jun. 25, 2008).

³ Letter from Walter F. Brown, Jr., Orrick, Herrington & Sutcliffe, LLP to Diana Lee, Attorney Advisor, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission, dated June 13, 2008 ("Holman Response" or "Response"), attaching *United States v. William Holman*, Criminal Docket No. 3:05-CR-00208-CRB-012, Plea Agreement (N.D.Cal. filed and entered Apr. 6, 2007) ("Plea Agreement").

Mr. William Holman

August 7, 2008

Page 2 of 2

the Project was awarded to NEC-BNS and co-conspirators.”⁴ Citing the Plea Agreement, you clarified that it was NEC-BNS employees other than yourself that submitted non-competitive bids and that employees of another company took steps to ensure the success of the conspiracy by discouraging and disqualifying bids from non-conspirators.⁵ You further assert, among other things, that you entered into what you understood to be a lawful agreement, and that you “subsequently became aware of problems with NEC-BNS’s participation in the E-Rate program and raised these concerns with [your] superiors.”⁶ In the Response, you do not dispute that you pled guilty to a violation of 15 U.S.C. § 1, but request that the Commission’s record reflect the factual circumstances surrounding your offense.⁷

We grant your request and incorporate the cited Plea Agreement language in the record for this debarment proceeding. Based on the evidence in the record, we conclude that your conduct, as described in the Plea Agreement, constitutes the basis for your debarment, and your conviction falls within the categories of causes for debarment under section 54.8(c) of the Commission’s rules.⁸ For the foregoing reasons, you are hereby debarred for a period of three years from the debarment date, i.e., the earlier date of your receipt of this Notice of Debarment or its publication date in the Federal Register.⁹ Debarment excludes you, for the debarment period, from activities “associated with or related to the schools and libraries support mechanism,” including “the receipt of funds or discounted services through the schools and libraries support mechanism, or consulting with, assisting, or advising applicants or service providers regarding the schools and libraries support mechanism.”¹⁰

Sincerely,

Hillary S. DeNigro
Chief
Investigations and Hearings Division
Enforcement Bureau

cc: Kristy Carroll, Esq., Universal Service Administrative Company (via e-mail)
Michael Wood, Antitrust Division, United States Department of Justice

⁴ Holman Response at 1; Notice of Suspension at 23 FCC Rcd at 8229.

⁵ Holman Response at 1, citing Plea Agreement, para. 4(f).

⁶ *Id.* at 2, citing Plea Agreement, para. 4(g).

⁷ *Id.* at 2.

⁸ 47 C.F.R. § 54.8(c).

⁹ *See* Notice of Suspension, 23 FCC Rcd at 8230.

¹⁰ *See* 47 C.F.R. §§ 54.8(a)(1), 54.8(a)(5), 54.8(d); Notice of Suspension, 23 FCC Rcd at 8231.



**Federal Communications Commission
Enforcement Bureau
Investigations and Hearings Division
445 12th Street, SW, Suite 4-C330
Washington, D.C. 20554**

May 19, 2008

DA 08-1183

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED AND FACSIMILE (415-773-5759)

Mr. William Holman
c/o Melinda Haag, Esq.
Orrick, Herrington & Sutcliffe, LLP
The Orrick Building
405 Howard Street
San Francisco, CA 94105-2669

**Re: Notice of Suspension and Initiation of Debarment Proceedings,
File No. EB-08-IH-1142**

Dear Mr. Holman:

The Federal Communications Commission (“FCC” or “Commission”) has received notice of your conviction of bid rigging, in violation of 15 U.S.C § 1, in connection with your participation in the schools and libraries universal service support mechanism (“E-Rate program”).¹¹ Consequently, pursuant to 47 C.F.R. § 54.8, this letter constitutes official notice of your suspension from the E-Rate program. In addition, the Enforcement Bureau (“Bureau”) hereby notifies you that we are commencing debarment proceedings against you.¹²

¹¹ Any further reference in this letter to “your conviction” refers to your guilty plea and subsequent conviction of bid rigging. See *United States v. William Holman*, Criminal Docket No. 3:05-CR-00208-CRB-012, Judgment (N.D.Cal. filed Apr. 9, 2008 and entered Apr. 9, 2008) (“*Holman Judgment*”), Substitute Information (N.D.Cal. filed and entered Apr. 5, 2007) (“*Holman Substitute Information*”). See also generally *United States v. Video Network Communications, Inc. et al.*, Criminal Docket No. 3:05-CR-00208-CRB, Superseding Indictment (N.D.Cal. filed Dec. 8, 2005 and entered Dec. 12, 2005), <http://www.usdoj.gov/atr/cases/f213600/213626.htm> (accessed May 1, 2008) (“*VNCI Superseding Indictment*”).

¹² 47 C.F.R. § 54.8; 47 C.F.R. § 0.111 (delegating to the Enforcement Bureau authority to resolve universal service suspension and debarment proceedings). The Commission adopted debarment rules for the schools and libraries universal service support mechanism in 2003. See *Schools and Libraries Universal Service Support Mechanism*, Second Report and Order and Further Notice of Proposed Rulemaking, 18 FCC Rcd 9202 (2003) (“*Second Report and Order*”) (adopting section 54.521 to suspend and debar parties from the E-rate program). In 2007, the Commission extended the debarment rules to apply to all of the Federal universal service support mechanisms. *Comprehensive Review of the Universal Service Fund Management, Administration, and Oversight; Federal-State Joint Board on Universal Service; Schools and Libraries*

I. Notice of Suspension

The Commission has established procedures to prevent persons who have “defrauded the government or engaged in similar acts through activities associated with or related to the schools and libraries support mechanism” from receiving the benefits associated with that program.¹³ You pled guilty to bid rigging in connection with your participation in the Ceria Travis Academy E-Rate project (the “Project”).¹⁴ Specifically, you admitted that, as former vice president of sales for NEC Business Networks, Inc. (“NEC-BNS”), you entered into and engaged in a conspiracy with NEC-BNS and other co-conspirators to suppress and eliminate competition by submitting non-competitive bids for the Project and taking steps to ensure that the Project was awarded to NEC-BNS and co-conspirators.¹⁵

Pursuant to section 54.8(a)(4) of the Commission’s rules,¹⁶ your conviction requires the Bureau to suspend you from participating in any activities associated with or related to the schools and libraries fund mechanism, including the receipt of funds or discounted services through the schools and libraries fund mechanism, or consulting with, assisting, or advising applicants or service providers regarding the schools and libraries support mechanism.¹⁷ Your suspension becomes effective upon the earlier of your receipt of this letter or publication of notice in the Federal Register.¹⁸

Suspension is immediate pending the Bureau’s final debarment determination. In accordance with the Commission’s debarment rules, you may contest this suspension or the scope of this suspension by filing arguments in opposition to the suspension, with any

Universal Service Support Mechanism; Lifeline and Link Up; Changes to the Board of Directors for the National Exchange Carrier Association, Inc., Report and Order, 22 FCC Rcd 16372, 16410-12 (2007) (*Program Management Order*) (renumbering section 54.521 of the universal service debarment rules as section 54.8 and amending subsections (a)(1), (5), (c), (d), (e)(2)(i), (3), (e)(4), and (g)).

¹³ See *Second Report and Order*, 18 FCC Rcd at 9225, ¶ 66; *Program Management Order*, 22 FCC Rcd at 16387, ¶ 32. The Commission’s debarment rules define a “person” as “[a]ny individual, group of individuals, corporation, partnership, association, unit of government or legal entity, however, organized.” 47 C.F.R. § 54.8(a)(6).

¹⁴ See *Holman Judgment* at 1; *Holman Substitute Information* at ¶ 4 .

¹⁵ See *id.* The Commission debarred NEC-BNS in 2006 for the company’s wire fraud and bid rigging conviction. See *NEC Business Network Solutions, Inc.*, Notice to Debarment, 21 FCC Rcd 7491 (2006); 71 Fed. Reg. 42398 (2006). The following four individuals, who were also charged in the *VNCI Superseding Indictment*, have pled guilty or been found guilty, and subsequently sentenced: Judy Green, Earl Nelson, George Marchelos, and Allan Green. We are sending separate notices of suspension and initiation of debarment proceedings to these individuals. VNCI is now defunct and charges against the company have been dropped.

¹⁶ 47 C.F.R. § 54.8(a)(4). See *Second Report and Order*, 18 FCC Rcd at 9225-9227, ¶¶ 67-74.

¹⁷ 47 C.F.R. §§ 54.8(a)(1), (d).

¹⁸ *Second Report and Order*, 18 FCC Rcd at 9226, ¶ 69; 47 C.F.R. § 54.8(e)(1).

relevant documentation. Your request must be received within 30 days after you receive this letter or after notice is published in the Federal Register, whichever comes first.¹⁹ Such requests, however, will not ordinarily be granted.²⁰ The Bureau may reverse or limit the scope of suspension only upon a finding of extraordinary circumstances.²¹ Absent extraordinary circumstances, the Bureau will decide any request for reversal or modification of suspension within 90 days of its receipt of such request.²²

II. Initiation of Debarment Proceedings

Your guilty plea and conviction of criminal conduct in connection with the E-Rate program, in addition to serving as a basis for immediate suspension from the program, also serves as a basis for the initiation of debarment proceedings against you. Your conviction falls within the categories of causes for debarment defined in section 54.8(c) of the Commission's rules.²³ Therefore, pursuant to section 54.8(a)(4) of the Commission's rules, your conviction requires the Bureau to commence debarment proceedings against you.

As with your suspension, you may contest debarment or the scope of the proposed debarment by filing arguments and any relevant documentation within 30 calendar days of the earlier of the receipt of this letter or of publication in the Federal Register.²⁴ Absent extraordinary circumstances, the Bureau will debar you.²⁵ Within 90 days of receipt of any opposition to your suspension and proposed debarment, the Bureau, in the absence of extraordinary circumstances, will provide you with notice of its decision to debar.²⁶ If the Bureau decides to debar you, its decision will become effective upon the earlier of your receipt of a debarment notice or publication of the decision in the Federal Register.²⁷

¹⁹ 47 C.F.R. § 54.8(e)(4).

²⁰ *Id.*

²¹ 47 C.F.R. § 54.8(e)(5).

²² *See Second Report and Order*, 18 FCC Rcd at 9226, ¶ 70; 47 C.F.R. §§ 54.8(e)(5), 54.8(f).

²³ "Causes for suspension and debarment are the conviction of or civil judgment for attempt or commission of criminal fraud, theft, embezzlement, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property, making false claims, obstruction of justice and other fraud or criminal offense arising out of activities associated with or related to the schools and libraries support mechanism, the high-cost support mechanism, the rural healthcare support mechanism, and the low-income support mechanism." 47 C.F.R. § 54.8(c). Such activities "include the receipt of funds or discounted services through [the Federal universal service] support mechanisms, or consulting with, assisting, or advising applicants or service providers regarding [the Federal universal service] support mechanisms." 47 C.F.R. § 54.8(a)(1).

²⁴ *See Second Report and Order*, 18 FCC Rcd at 9226, ¶ 70; 47 C.F.R. § 54.8(e)(3).

²⁵ *Second Report and Order*, 18 FCC Rcd at 9227, ¶ 74.

²⁶ *See id.*, 18 FCC Rcd at 9226, ¶ 70; 47 C.F.R. § 54.8(e)(5).

²⁷ *Id.* The Commission may reverse a debarment, or may limit the scope or period of debarment upon a finding of extraordinary circumstances, following the filing of a petition by you or an interested party or upon motion by the Commission. 47 C.F.R. § 54.8(f).

Mr. William Holman
May 19, 2008
Page 4 of 4

If and when your debarment becomes effective, you will be prohibited from participating in activities associated with or related to the schools and libraries support mechanism for three years from the date of debarment.²⁸ The Bureau may, if necessary to protect the public interest, extend the debarment period.²⁹

Please direct any response, if by messenger or hand delivery, to Marlene H. Dortch, Secretary, Federal Communications Commission, 236 Massachusetts Avenue, N.E., Suite 110, Washington, D.C. 20002, to the attention of Diana Lee, Attorney Advisor, Investigations and Hearings Division, Enforcement Bureau, Room 4-C330, with a copy to Vickie Robinson, Assistant Chief, Investigations and Hearings Division, Enforcement Bureau, Room 4-C330, Federal Communications Commission. If sent by commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail), the response should be sent to the Federal Communications Commission, 9300 East Hampton Drive, Capitol Heights, Maryland 20743. If sent by first-class, Express, or Priority mail, the response should be sent to Diana Lee, Attorney Advisor, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission, 445 12th Street, S.W., Room 4-C330, Washington, DC, 20554, with a copy to Vickie Robinson, Assistant Chief, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission, 445 12th Street, S.W., Room 4-C330, Washington, DC, 20554. You shall also transmit a copy of the response via email to diana.lee@fcc.gov and to vickie.robinson@fcc.gov.

If you have any questions, please contact Ms. Lee via mail, by telephone at (202) 418-1420 or by e-mail at diana.lee@fcc.gov. If Ms. Lee is unavailable, you may contact Ms. Vickie Robinson, Assistant Chief, Investigations and Hearings Division, by telephone at (202) 418-1420 and by e-mail at vickie.robinson@fcc.gov.

Sincerely yours,

Hillary S. DeNigro
Chief
Investigations and Hearings Division
Enforcement Bureau

cc: Kristy Carroll, Esq., Universal Service Administrative Company (via e-mail)
Michael Wood, Antitrust Division, United States Department of Justice

²⁸ *Second Report and Order*, 18 FCC Rcd at 9225, ¶ 67; 47 C.F.R. §§ 54.8(d), 54.8(g).

²⁹ *Id.*