



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

August 17, 2011

DA 11-1424

**SENT VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED
AND FACSIMILE**

Mr. Tyrone D. Pipkin
c/o Mr. Walter Francis Becker, Jr.
Chaffe McCall LLP
Energy Centre
1100 Poydras St., Suite 2300
New Orleans, LA 70163-2300

Re: Notice of Suspension and Initiation of Debarment Proceedings,
File No. EB-11-IH-1071

Dear Mr. Pipkin:

The Federal Communications Commission (“Commission”) has received notice of your conviction of conspiracy to defraud the United States in violation of 18 U.S.C § 371 in connection with your participation in the federal schools and libraries universal service support mechanism (“E-Rate program”).¹ 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 the Bureau will commence debarment proceedings against you.²

¹ Any further reference in this letter to “your conviction” refers to your conviction in *United States v. Tyrone D. Pipkin*, Criminal Docket Nos. 10-325 and 11-15 “A”, Judgment (E.D.LA. filed June 21, 2011) (“*Tyrone Pipkin Judgment*”).

² See 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 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 Universal Service Support Mechanism; Rural Health Care 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 app. C at 16410-12 (2007) (*Program Management Order*) (section 54.521 of the universal service debarment rules was renumbered as section 54.8 and subsections (a)(1), (5), (c), (d), (e)(2)(i), (3), (e)(4), and (g) were amended.)

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.³ Schools may receive E-Rate program funding for eligible goods and services by filing application forms, seeking competitive bids, and selecting the most cost-effective vendor.⁴ To ensure the integrity of the program, the E-rate program rules prohibit an E-Rate vendor or anyone associated with an E-Rate vendor from participating in the application process or vendor selection.⁵

On March 28, 2011, you entered a plea agreement and pleaded guilty to conspiring with others to defraud and obtain money from the E-Rate Program by controlling the application, bidding, and implementation process of the E-Rate program for schools located in four states.⁶ Specifically, you⁷ and a co-conspirator⁸ violated E-Rate program rules by completing E-Rate applications on behalf of Innovation Schools and other schools from December 2001 through September 2005.⁹ Second, you and a co-conspirator obstructed the open competitive bidding process by concealing your relationship with a school official who devised a scheme to ensure Innovation Schools and other schools would hire GNT and Computer Training and Associates (“CTA”) as their E-Rate service providers.¹⁰ In exchange, you and a co-conspirator paid the school official \$79,382 in bribes and kickbacks for steering E-Rate contracts to your companies.¹¹ As a result of your assistance, Innovation Schools received more than \$10,000 in

³ *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).

⁴ 47 C.F.R. §§ 54.504, 54.511(c).

⁵ See *Request for Review by Mastermind Internet Services, Inc., Federal-State Joint Board on Universal Service, Changes to the Board of Directors of the National Exchange Carrier Association, Inc.*, CC Docket No. 96-45, Order, 16 FCC Rcd 4028, 4032-33 ¶¶ 10-12 (2000) (Mastermind Order) (finding that when an applicant surrenders control of the bidding process to an employee of an entity that will also participate in the bidding process as a prospective service provider, the applicant irreparably impairs its ability to hold a fair and open competitive bidding process); see also Universal Service Administrative Company’s (“USAC”) description of an Open and Fair Competitive Bidding Process at <http://www.universalservice.org/sl/applicants/step03/run-open-fair-competition.aspx>.

⁶ *United States v. Tyrone D. Pipkin*, Criminal Docket No. 11-15 “A”, Plea Agreement (E.D. La. 2011) (“*Plea Agreement*”). The conspiracy scheme involved schools in Arkansas, Florida, Illinois and Louisiana.

⁷ Tyrone Pipkin is co-owner of Global Networking Technologies, Inc. (“GNT”), an E-Rate service provider hired by Innovation Schools and other schools located in four states.

⁸ The Bureau will serve notice of suspension and initiation of debarment proceedings to Gloria F. Harper, co-owner of GNT and owner of CTA, who pleaded guilty to conspiracy on June 2, 2011, and awaits sentencing scheduled for the fall of 2011. See Justice News, DEP’T OF JUSTICE, Former Co-Owner of Illinois Technology Company Sentenced to Serve One Year and a Day in Prison for Role in Conspiracy to Defraud the Federal E-Rate Program, June 21, 2011, at <http://www.justice.gov/opa/pr/2011/June/11-at-807.html> (“*Press Release*”).

⁹ *United States v. Tyrone D. Pipkin*, Criminal Docket No. 11-15 “A”, Factual Basis at 2 (E.D. La. 2011) (“*Factual Basis*”).

¹⁰ *Factual Basis* at 3, 4. See also *United States v. Tyrone D. Pipkin*, Docket No. 4:10cr67, Indictment at 2 (N.D. Fla. 2010).

¹¹ *Factual Basis* at 4. See also Press Release ¶ 4.

federal E-Rate funding in 2003, 2004 and 2005.¹² Your company and CTA directly benefited from this scheme by receiving over \$1.4 million in E-Rate work from Innovation Schools and other schools located in Florida and elsewhere.¹³ These actions constitute the conduct or transactions upon which this suspension notice and proposed debarment proceeding is based.¹⁴

On June 21, 2011, the United States District Court for the Eastern District of Louisiana sentenced you to serve one year and a day in prison followed by a two year period of supervised release for conspiring to defraud the federal E-Rate program in multiple states.¹⁵ The court also ordered you to pay a \$6,000 criminal fine for your role in the conspiracy scheme.¹⁶

Pursuant to section 54.8(b) of the Commission's rules,¹⁷ upon your conviction the Bureau is required to suspend you from participating in any 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.¹⁸ Your suspension becomes effective upon receipt of this letter or publication of the notice in the Federal Register, whichever comes first.¹⁹

In accordance with the Commission's debarment rules, you may contest this suspension or the scope of this suspension by filing arguments, with any relevant documents, within 30 calendar days after receipt of this letter or after a notice is published in the Federal Register, whichever comes first.²⁰ Such requests, however, will not ordinarily be granted.²¹ The Bureau may reverse or limit the scope of suspension only upon a finding of extraordinary circumstances.²² Absent extraordinary circumstances, the Bureau will decide any request to reverse or modify a suspension within 90 calendar days of its receipt of such request.²³

II. Initiation of Debarment Proceedings

As discussed above, your guilty plea and conviction of criminal conduct in connection with the E-Rate program serves as a basis for immediate suspension from the program, as well as a basis to commence debarment proceedings against you. Conviction of criminal fraud is cause for debarment as

¹² *Factual Basis* at 4.

¹³ *Id.*

¹⁴ *Second Report and Order*, 18 FCC Rcd at 9226, ¶ 70; 47 C.F.R. § 54.8(e)(2)(i).

¹⁵ *Judgment* at 2 (The prison term is one year and a day for both Count one of Case No. 10-325 and Count one of Case No. 11-15 "A". Both terms will run concurrently for a total prison term of one year and one day.).

¹⁶ *Judgment* at 5. You were also ordered to immediately pay a \$200 Special Assessment. *Id.*

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

¹⁸ 47 C.F.R. §§ 54.8(a)(1), (d).

¹⁹ *Second Report and Order*, 18 FCC Rcd at 9226, ¶ 69; 47 C.F.R. § 54.8(e)(1).

²⁰ 47 C.F.R. § 54.8(e)(4).

²¹ *Id.*

²² 47 C.F.R. § 54.8(f).

²³ *Second Report and Order*, 18 FCC Rcd at 9226, ¶ 70; 47 C.F.R. §§ 54.8(e)(5), (f).

defined in section 54.8(c) of the Commission's rules.²⁴ Therefore, pursuant to section 54.8(b) of the rules, your conviction requires the Bureau to commence debarment proceedings against you.²⁵

As with the suspension process, you may contest debarment or the scope of the proposed debarment by filing arguments and any relevant documentation within 30 calendar days of receipt of this letter or publication in the Federal Register, whichever comes first.²⁶ The Bureau, in the absence of extraordinary circumstances, will notify you of its decision to debar within 90 calendar days of receiving any information you may have filed.²⁷ If the Bureau decides to debar you, its decision will become effective upon either your receipt of a debarment notice or publication of the decision in the Federal Register, whichever comes first.²⁸

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.²⁹ The Bureau may set a longer debarment period or extend an existing debarment period if necessary to protect the public interest.³⁰

Please direct any response, if sent by messenger or hand delivery, to Marlene H. Dortch, Secretary, Federal Communications Commission, 445 12th Street, S.W., Room TW-A325, Washington, D.C. 20554, to the attention of Joy M. Ragsdale, Attorney Advisor, Investigations and Hearings Division, Enforcement Bureau, Room 4-A236, with a copy to Theresa Z. Cavanaugh, Acting Division Chief, Investigations and Hearings Division, Enforcement Bureau, Room 4-C322, Federal Communications Commission. All messenger or hand delivery filings must be submitted without envelopes.³¹ If sent by commercial overnight mail (other than U.S. Postal Service ("USPS") Express Mail and Priority Mail), the response must be sent to the Federal Communications Commission, 9300 East Hampton Drive, Capitol Heights, Maryland 20743. If sent by USPS First Class, Express Mail, or Priority Mail, the response should be addressed to Joy Ragsdale, Attorney Advisor, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission, 445 12th Street, S.W., Room 4-A236, Washington, D.C. 20554, with a copy to Theresa Z. Cavanaugh, Acting Division Chief, Investigations

²⁴ "Causes for suspension and debarment are 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). Associated 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).

²⁵ 47 C.F.R. § 54.8(b).

²⁶ *Second Report and Order*, 18 FCC Rcd at 9226, ¶ 70; 47 C.F.R. § 54.8(e)(3).

²⁷ *Id.*, 18 FCC Rcd at 9226, ¶ 70; 47 C.F.R. § 54.8(e)(5).

²⁸ *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).

²⁹ *Second Report and Order*, 18 FCC Rcd at 9225, ¶ 67; 47 C.F.R. §§ 54.8(d), (g).

³⁰ *Id.*

³¹ See FCC *Public Notice*, DA 09-2529 for further filing instructions (rel. Dec. 3, 2009).

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and Hearings Division, Enforcement Bureau, Federal Communications Commission, 445 12th Street, S.W., Room 4-C322, Washington, D.C. 20554. You shall also transmit a copy of your response via e-mail to Joy M. Ragsdale, joy.ragsdale@fcc.gov and to Theresa Z. Cavanaugh, Terry.Cavanaugh@fcc.gov.

If you have any questions, please contact Ms. Ragsdale via U.S. postal mail, e-mail, or by telephone at (202) 418-7931. You may contact me at (202) 418-1420 or at the email address noted above if Ms. Ragsdale is unavailable.

Sincerely yours,

Theresa Z. Cavanaugh
Acting Chief
Investigations and Hearings Division
Enforcement Bureau

cc: Johnnay Schrieber, Universal Service Administrative Company (via e-mail)
Rashann Duvall, Universal Service Administrative Company (via email)
Juan Rodriguez, Antitrust Division, United States Department of Justice (via email)
Marvin Opotowsky, Antitrust Division, United States Department of Justice (via email)